



**Auditor of State
Betty Montgomery**

BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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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
Beachwood City School District
Cuyahoga County
24601 Fairmount Boulevard
Beachwood, Ohio 44122

We have audited the financial statements of governmental activities, each major fund and the aggregate remaining fund information of the Beachwood City School District, Cuyahoga 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 January 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 no instances of noncompliance we must report under *Government Auditing Standards*. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 7, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide 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 management of the District in a separate letter dated January 7, 2005.

Beachwood City School District
Cuyahoga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and Board of Education, 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

January 7, 2005

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2004**

SCHEDULE OF PRIOR AUDIT FINDINGS

| <u>Finding Number</u> | <u>Finding Summary</u> | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i> |
|-----------------------|---|-------------------------|---|
| 2003-001 | Ohio Rev. Code Section 5705.39, appropriations exceeding estimated revenues | Yes | |
| 2003-002 | Food Service CN reports were incomplete, incorrect, and not prepared timely | Yes | |

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
BEACHWOOD CITY SCHOOL DISTRICT
for the
FISCAL YEAR ENDED JUNE 30, 2004



Prepared by Treasurer's Department

Michele E. Mills, Director of Finance/Treasurer
Patti Woods, Assistant Treasurer
Karen Bencin, Payroll Coordinator
David Green, Financial Processing Coordinator

24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

BEACHWOOD CITY SCHOOL DISTRICT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2004
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BEACHWOOD CITY SCHOOL DISTRICT
24601 Fairmount Boulevard
Beachwood, OH 44122
Phone: 216.464.2600

January 7, 2005

Board of Education
Beachwood City School District
24601 Fairmount Blvd.
Beachwood, Ohio 44122-2298

Dear Board Members:

The comprehensive annual financial report of the Beachwood City School District for the fiscal year ended June 30, 2004, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the 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 various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report is divided into the following sections:

- o The Introductory Section, which includes this transmittal letter, a list of principal officials, the District's organizational chart and the GFOA certificate of achievement.
- o The Financial Section, which includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the District's financial position and operating results, the Combining Statements by Fund Type, and other schedules that provide detailed information relative to the Basic Financial Statements, as well as the report of Independent Accountants' Report on the financial statements and schedules.
- o The Statistical Section, which includes related financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the District. The District provides a full range of primary and secondary educational services to the residents of the City of Beachwood, Ohio. However, the City of Beachwood, Ohio, and the Beachwood Public Library have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

Beachwood City School District

The School District

The School District is located in a growing, prosperous suburban area east of Cleveland, Ohio. The community's tax base is evenly distributed between commercial and residential property.

The District was formed in 1915 and initially provided services only to children in grades one through eight. In 1917-18, the Board of Education entered into a contract with Shaker Heights Village, a neighboring district, for all high school students to attend Shaker High School at \$1.50 per week. This arrangement continued until September 1957, at which time the high school students were provided classes within the District.

Major Initiatives

Mission and Vision

All of our efforts as educators in the Beachwood School District are driven by our mission statement: To develop intellectual entrepreneurs with a social conscience. The mission of the Beachwood City Schools is short in length and powerful in vision. We believe that we must develop adults who are seekers of knowledge, creative, flexible, and reflective – in other words, an intellectual capacity. These adults are risk-takers, visionaries, brokers, passionate, and committed to excellence. Beachwood students also enjoy experiences where they learn to be globally responsible, altruistic, and environmentally, culturally and politically sensitive.

Board of Education Goals

The goals adopted last year by our Board of Education serve as a framework for both our academic and administrative operations. These goals are compelling and focused. They were embraced by our entire staff and serve as the basis for building and department strategies and tactics. And they resulted in a year of great synergy and growth.

Goal # 1 - To use a continuous improvement process in support of systems and programs that promote high standards of performance and high expectations for learning.

Goal # 2 - To develop a culture of accountability that relies on data, research, evaluation and assessment as tools to measure the effectiveness of programs and the satisfaction of stakeholders.

Goal # 3 - To continue to develop and support systems, programs, instructional standards and professional development to enhance students' knowledge, skills and performance in every curriculum area.

Goal # 4 - To maintain open and effective communication with the public, staff and students in order to be aware of attitudes, opinions and ideas.

Goal # 5 - To continue to integrate advanced technology into all phases of the educational and administrative processes.

Goal # 6 - To provide the necessary financial resources for the support of our instructional programs through prudent management and fiscal responsibility.

Beachwood City School District

Goal # 7 - To ensure that students and staff have a safe and appropriate place to learn and work.

Major Initiatives and Accomplishments

At Beachwood High School, staff completed the design of an Alternative Schedule for the building. This framework incorporates three days/week of traditional 45-minute classes with the two remaining days composed of 85-minute classes. Each course meets four times per week instead of the usual five. In essence, the high school staff has successfully designed a hybrid schedule that borrows from the best of both traditional and blocked models.

Indeed, academic success is an important hallmark of the Beachwood tradition. In 2003-2004, 19 seniors (14% of the senior class) received recognition from the National Merit Scholarship program. This percentage compares with a national average of 1 to 2 percent per school. Of those 19, four were named National Merit Scholarship Finalists, with one National Merit Scholar. Members of the Class of 2004 were accepted at 127 colleges and universities and earned a record \$4.3 million in scholarships. The Class of 2005 continues this tradition of excellence with seven National Merit semi-finalists and seven commended students, representing 10 percent of the class.

The District continued its tradition of earning an “Excellent” rating on the 2003-2004 Ohio District Report Card, meeting and exceeding the “proficient” level in all of the 18 indicators. Particularly noteworthy were the high number of students achieving at the “advanced proficient” level and the state commendation received by Hilltop Elementary School. The latter occurred as a result of the school’s high test scores coupled with its racial diversity and percentage of special education students.

However, the success of Beachwood’s students will be determined in a global market much larger than the state of Ohio. With that fact in mind, Beachwood tested its math students in grades 3-12 to gain an idea of how well they would fare compared with those in other educationally competitive nations.

Our initial test results are very encouraging. In fact, Bryden Elementary School’s 3rd graders ranked higher than students in all nations tested but Korea. Hilltop Elementary School’s 4th graders ranked higher than all nations tested including Korea. Beachwood High School’s seniors did likewise. Clearly, we are equipping our students with the knowledge and skills needed to excel in a global economy.

In the area of athletics, Beachwood’s students also excelled. Beachwood had three All-Ohio athletes last year, two in wrestling and one in track. We had two state qualifiers, in wrestling and cross country. The golf team ranked sixth in the state. We earned MAC-8 championships in golf, wrestling and boys’ swimming, and sectional championships in golf and girls’ basketball. This fall, we are proud to honor our MAC-8 champion teams in golf (two-time state qualifier) and men’s soccer and MAC-8 champ Kevin Silver, who has broken four cross-country records and placed 8th in the state.

The incorporation of technology into the instructional process continues to be an important emphasis of the Beachwood program. Beachwood Middle School has been leading the charge with its one-to-one wireless laptop program.

For its efforts, the Middle School was named the 2004 National 21st Century School of Distinction at the National Educational Computer Conference in New Orleans. Intel Corporation, Scholastic Inc., and the Blue Ribbon Schools of Excellence Foundation chose Beachwood Middle School as the best example of a school that had successfully incorporated technology into its curriculum from among 1,200 of the finest schools in the nation. The award consisted of a \$10,000 grant from Intel and \$120,000 in goods and services from

Beachwood City School District

program sponsors.

Despite a history of resilience to the economic hardships that plague educational funding in the State of Ohio, Beachwood needed to make significant financial cuts in order to bring expenditures in line with revenue. Reasons abound. The state's phase-out of the personal property tax on inventories, coupled with tax delinquencies, bankruptcies, challenges to property tax values, tax exemption filings, and a decrease in state aid to schools, explains much of our current dilemma. Preliminary indications from the County predict that this year's financial outlook remains uncertain, and we will continue to keep our community and staff informed as we receive updated information.

Last year, our District was recognized, along with the City of Beachwood, by Auditor of State Betty Montgomery. Ms. Montgomery presented both entities with the Ohio Auditor's Award for Excellence in Financial Reporting, an honor afforded to less than 3 percent of all entities audited by the Auditor of State's office.

Another distinctly Beachwood characteristic is the inherent value of education in the minds of our residents. Support for strong public schools in Beachwood is not restricted to those with children in those schools. It is shouldered by the vast majority of our residents, including those who pay tuition to send their children to private schools and those who have no children of school age. In Beachwood, our residents view good public schools as an obligation, not an option.

As diversity can attest to our strength, it also can highlight our weaknesses. Last year, social studies teacher Mr. Greg Deegan headed a study on achievement gaps among Beachwood's students. Such gaps, whether a result of race, ethnicity, gender, or socioeconomic variables, need to be addressed. Our commitment extends to all of our students. Our talents will be enhanced by each of their contributions.

Our students, both in public and in private schools, represent the best of who we are and the hope of what we might become. They are faith as yet unseen, potential as yet unfulfilled, victories as yet unrealized. They are our dreams for the future. They are our greatest unfinished work.

Financial Information

Accounting and Budgetary Controls

In developing and evaluating the District's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- (1) the safeguarding of assets against loss from unauthorized use or disposition; and
- (2) the reliability of financial records for preparing financial statements and maintaining accountability for the assets.

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the evaluation of cost and benefits requires estimates and judgments by management.

Beachwood City School District

All internal control evaluations occur within the above framework. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Governmental and Fiduciary fund types are accounted for on the modified accrual basis of accounting. Governmental revenues are recognized when they become measurable and available to finance expenditures of the current period. Revenue items, which are susceptible to accrual, are recorded as receivables. Expenditures are recognized when the related fund liability is incurred, with the exception of accumulated unpaid employee compensation, which is not payable from current expendable financial resources; and accrued interest for general long-term obligations, which is payable when due.

Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred.

The District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the District's governing body. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by individual funds.

The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Open encumbrances are reviewed individually prior to year-end and a determination is made on whether or not to carry them forward to the following year. Encumbrances are therefore reported as a reservation of fund balance at year-end. Budgets are legally adopted and controlled on a cash basis (including encumbrances); therefore, the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgeting Basis) reports actual cash revenues and expenditures (including encumbrances) compared with budget amounts. Unencumbered appropriations terminate at year-end.

Financial Reporting

For the fiscal year ending June 30, 2003, the District implemented the provisions of the Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." This pronouncement significantly changes the way the District reports its financial condition and results of operations as compared with previous years. The new basic financial statements for reporting on the District's financial activities is as follows:

Government-wide financial statements: These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by business enterprises. The government-wide statements distinguish between those activities of the 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. Non-major funds are presented in total in one column. Governmental funds use the modified accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

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

Beachwood City School District

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented in the financial section of this report and provides an assessment of the School District finances for the fiscal year 2004.

Debt Administration

At June 30, 2004, the District had general obligation bond issues outstanding of \$17,479,982. The District participated in a bus financing pool to purchase three buses. The District's total debt for the bus financing pool is \$30,000. The bus financing pool debt is not counted toward the District's voted or un-voted debt limits. See Note 14 of the Notes to the Basic Financial Statements.

Under the current Ohio Revised Code, the District's general obligation bonded debt issuances are subject to a legal limitation on both voted and un-voted debt. The limitation is based on 9% and .1% respectively, of the total assessed value of real and personal property. At June 30, 2004, the District's voted general obligation bonded debt of \$17,509,982 was substantially below the legal limit of \$50,452,410 (voted). In addition, the District had no un-voted debt at June 30, 2004. The District has received an Aa2 rating confirmed from Moody's Investors Service in October 2002.

Cash Management

Cash not needed for immediate use during the year was invested in Demand Deposits, Certificates of Deposit, Federal Agency Discount Notes, Treasury Bills, Victory Money Market Funds, and the State Treasurer's Asset Reserve of Ohio program administered by the Office of the Treasury of the State of Ohio. This program is a statewide investment pool offered to political sub-divisions of the State of Ohio as a conservative means of investing in a portfolio of investment instruments. The portfolio consists of Government/Federal Agency securities, collateralized certificates of deposit, and repurchase agreements with eligible Ohio financial institutions.

Risk Management

The District maintains third-party insurance coverage for claims arising from property damage, personal injury, and all other areas of risk through Indiana Insurance. No future plans exist to internally assume these risks.

The District maintains a self-insurance fund for the purpose of paying vision claims of District employees and their covered dependents.

Significant Local Economic Events

The District passed a combination levy of 8.0 operating mills and 1.8 mill bond issue. The voters passed the levy with an overwhelming 72% approval rate in May 2002. Passage of this levy will allow the District to continue to provide outstanding educational services to our students. Levy proceeds began collecting in January 2003. The 1.8 mill bond issue proceeds were used to build a state-of-the-art Middle School that opened in August, 2003.

The economic condition and outlook for the community has been challenging, especially considering the economic downturn in the Midwest. The growth in the tax duplicate has been primarily realized due to the continued development of both office and retail commercial property and residential development. The community's tax base is fairly evenly distributed between commercial and residential property. Forty-seven

Beachwood City School District

percent of the District's valuation is comprised of residential property and fifty-three percent is comprised of commercial or public utility property. The District's valuation for both residential and commercial real estate continues to increase in market value. However, due to changes in laws enacted by the State legislature, the District's personal property tax base will continue to erode as the State has eliminated the tax on inventories at 2% each year until the tax is eliminated without any revenue replacement for schools. The State of Ohio's overall economic outlook is not as bright as the rest of the country as we make our way through economic recovery.

The City of Beachwood has annexed 400 acres from a neighboring community in order to develop a proposed \$500 million, 633-acre corporate complex featuring office space, a retail mall and at least one hotel. The District signed an agreement with the Warrensville Heights School District to share in any future tax revenue. Beachwood Schools would receive 30% of the tax revenue from all future development. Originally, Warrensville Heights School District was the sole beneficiary of school tax revenues. The District considers the successful negotiation of tax-sharing a major accomplishment that will enhance school revenues in the future. As of the date of this financial statement, it is expected, due to the general state of the economy, that tax revenue sharing will not be forthcoming for a number of years.

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

Prospects for The Future

House Bill 920, which was enacted in 1976 by the Ohio legislature, has severely limited schools in their funding initiatives. This law prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of property values. Although the District's total operating millage is 71.8 mills, the effective millage levied and collected is 27.35 and 35.89 respectively, for residential and commercial property.

House Bill 95, passed in June 2003 as part of the State of Ohio's biennial budget, further limited a school district's ability to collect certain property taxes, including: eliminating personal property tax-exempt small businesses (which the State of Ohio pays on behalf of the small business owner) by 10% each year over the next ten years which equates to a loss of \$30,000 annually; and an expedited elimination of inventory tax on personal property, which the District estimates to be an annual loss of \$125,000. These funding changes will force the District to seek voter-approved levies more frequently than it has historically.

The District hired a new superintendent, Richard A. Markwardt, Ph.D., in August of 2004. We are very confident in his leadership to steer us through these recently financially trying times.

Beachwood City School District

Other Information

Independent Audit

The Ohio Revised Code requires an annual audit of the District's financial statements and its compliance with certain sections of the Ohio Revised Code. The Ohio Auditor of State conducted the District's 2004 fiscal year audit. The Independent Accountants' Report appears at the beginning of the Financial Section of this report.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Beachwood City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. (This was the 16th consecutive year that the Beachwood City School District earned this prestigious award.) In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year. We believe that our current report continues to conform with the reporting standards required for the awarding of the Certificate of Achievement for Excellence in Financial Reporting from the GFOA.

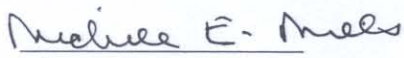
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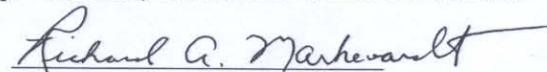
The publication of this report continues the School District's commitment toward presenting the financial reporting of the Beachwood City School District in a highly professional manner. It substantially increases the accountability of the District to the taxpayers.

Sincere appreciation is extended to the Board of Education, who continues to strive for excellence in the schools at all levels. The commitment to our students, staff and community begins with them. Without their support, this report would not be possible.

A special thanks to art teacher Chunny Hahn for the inspiration she provides to her students and the artwork they contributed to this publication.

Special recognition must be extended to the members of the Treasurer's Office: Patti Woods, Assistant Treasurer; Karen Bencin, Payroll Coordinator; and Dave Green, Financial Processing Coordinator; who assisted with the development of the Comprehensive Annual Financial Report and the annual audit. The department members have our sincere gratitude for their professional, efficient and dedicated service.


Michele E. Mills,
Finance Director/Treasurer


Richard A. Markwardt, Ph.D.
Superintendent of Schools

Beachwood City School District

Elected Officials

Board of Education

Mrs. Beth Rosenbaum..... President

Mr. Martin Horwitz..... Vice President

Mr. David Ostro Member

Dr. Scott Peters Member

Dr. Brian Weiss..... Member

Appointed Officials

Director of Finance/Treasurer

Michele E. Mills

Administration

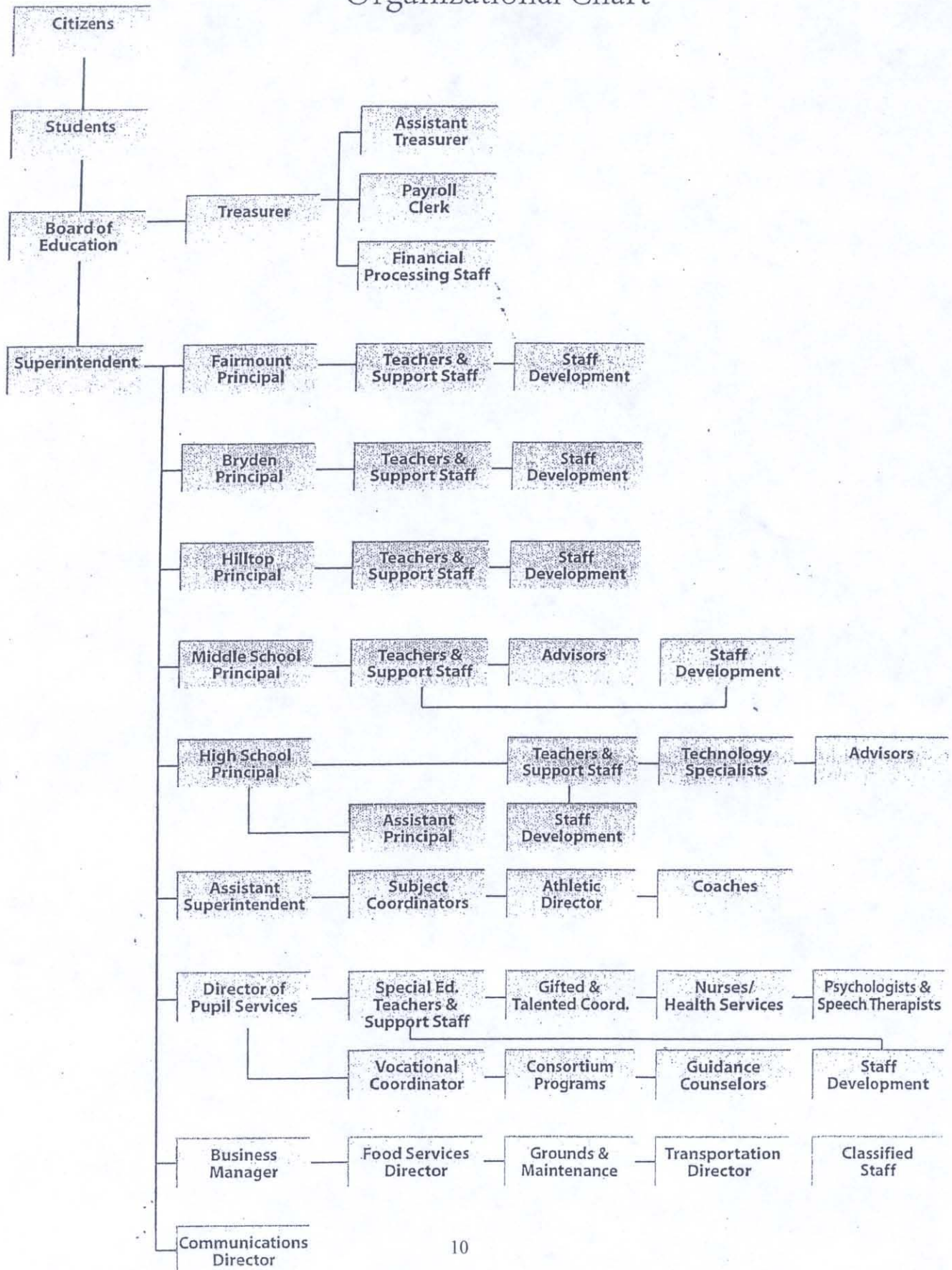
Dr. Rich A. Markwardt Superintendent

Dr. Rosemary Weltman..... Assistant Superintendent

Mr. Lawrence Tomec..... Business Manager

Mr. Philip Wagner Director of Pupil Services

Beachwood City Schools Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Beachwood 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. Ziehl

President

Jeffrey R. Enev

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Beachwood City School District
Cuyahoga County
24601 Fairmount Boulevard
Beachwood, Ohio 44122

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Beachwood City School District, Cuyahoga 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, each major fund and the aggregate remaining fund information of the Beachwood City School District, Cuyahoga County, Ohio, as of June 30, 2004, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the General and Consortium funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2005 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 applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

January 7, 2005

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

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

Financial Highlights

Key financial highlights for 2004 are as follows:

- Total net assets increased \$3,249,256, which represents a 29.6 percent increase from 2003.
- General revenues accounted for \$32,548,296 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,432,290 or 14 percent of total revenues of \$37,980,586.
- Total assets of governmental activities decreased by \$1,827,117 as cash decreased by \$6,291,576, while fixed assets increased by \$4,906,748 and taxed and other receivables decreased by \$430,093.
- The District had \$34,731,330 in expenses related to governmental activities; only \$5,432,290 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$32,548,296 were adequate to provide for these programs.
- Among major funds, the general fund had \$29,399,448 in revenues and \$28,498,892 in expenditures. The general fund's fund balance increased to \$3,542,136 from \$2,686,178 due to the timing of the District's last operating levy, which passed in May, 2002. Collections for this levy began January, 2003. Full collection of this levy occurred during the 2004 fiscal year.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

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

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

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

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

In the Statement of Net Assets and Statement of Activities, the District has one type of activity:

Governmental Activities - All of the District's programs and services are reported here.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 26. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement, permanent improvement, building and consortium funds.

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

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2004 compared to 2003:

| | Governmental Activities | |
|----------------------------|-------------------------|--------------|
| | 2004 | 2003 |
| Assets | | |
| Current and Other Assets | \$33,304,950 | \$40,038,815 |
| Capital Assets | 32,366,762 | 27,460,014 |
| Total Assets | 65,671,712 | 67,498,829 |
| Liabilities | | |
| Long-Term Liabilities | 25,588,780 | 28,543,088 |
| Other Liabilities | 25,883,817 | 28,005,882 |
| Total Liabilities | 51,472,597 | 56,548,970 |
| Net Assets | | |
| Invested in Capital Assets | 9,336,218 | 2,427,232 |
| Net of Debt | | |
| Restricted | 2,851,223 | 7,646,040 |
| Unrestricted (Deficit) | 2,011,674 | 876,587 |
| Total Net Assets | \$14,199,115 | \$10,949,859 |

Total assets decreased \$1,872,117. Equity in pooled cash and cash equivalents decreased \$6,291,576. Taxes receivable decreased \$229,019; of this decrease, \$1,945,038 is offset by an decrease in deferred revenue.

Net assets of the District's governmental activities increased by \$3,249,256. The surplus in unrestricted net assets increased by \$1,135,087.

Beachwood 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 with revenue and expense comparisons to fiscal year 2003.

| | Governmental Activities 2004 | Governmental Activities 2003 |
|--|------------------------------------|------------------------------------|
| Program Revenues: | | |
| Charges for Services | \$4,003,403 | \$4,181,340 |
| Operating Grants | 1,421,420 | 1,356,195 |
| Capital Grants | 7,467 | 39,089 |
| General Revenue: | | |
| Property Taxes | 27,811,470 | 25,000,564 |
| Grants and Entitlements | 4,549,844 | 4,089,674 |
| Investments | 125,271 | 364,914 |
| Other | 61,711 | (140,595) |
| Total Revenue | \$37,980,586 | \$34,891,181 |
| Program Expenses: | | |
| Instruction: | | |
| Regular | \$10,041,085 | \$10,778,243 |
| Special | 5,642,088 | 4,585,415 |
| Vocational | 924,719 | 1,022,011 |
| Adult/Continuing | 222,285 | 171,353 |
| Other | 528,364 | 453,982 |
| Support Services: | | |
| Pupil | 2,916,828 | 2,688,550 |
| Instructional Staff | 999,100 | 971,811 |
| Board of Education | 424,172 | 284,394 |
| Administration | 2,467,679 | 2,398,216 |
| Fiscal | 748,653 | 696,353 |
| Business | 648,341 | 579,234 |
| Operation of Maintenance and Plant | 3,681,893 | 3,511,269 |
| Pupil Transportation | 1,984,406 | 1,764,492 |
| Central | 917,378 | 902,864 |
| Operation of Non-Instructional Services | 689,308 | 683,080 |
| Extra-curricular Activities | 957,096 | 944,606 |
| Capital Outlay | | 647,931 |
| Interest and Fiscal Charges/Other | 937,935 | 1,027,560 |
| Total Expenses | \$34,731,330 | \$34,111,364 |
| Increase (Decrease) in Net Assets | \$3,249,256 | \$779,817 |

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

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and its value was increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 73 percent of revenues for governmental activities for the District in fiscal year 2004.

Instruction comprises 50 percent of governmental program expenses. Interest expense was 2.6 percent. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements with comparisons to 2003.

| | Total Cost of Services <u>2004</u> | Net Cost of Services <u>2004</u> | Total Cost of Services <u>2003</u> | Net Cost of Services <u>2003</u> |
|--|--|--|--|--|
| Instruction | \$17,358,541 | \$14,195,476 | \$17,011,004 | \$12,501,325 |
| Support Services: | | | | |
| Pupil and Instructional Staff | 3,915,928 | 2,603,064 | 3,660,361 | 3,468,447 |
| Board of Education, Administration, Fiscal and Business | 4,288,845 | 4,248,961 | 3,958,197 | 3,941,138 |
| Operation and Maintenance of Plant | 3,681,893 | 3,428,056 | 3,511,269 | 3,332,007 |
| Pupil Transportation | 1,984,406 | 1,933,959 | 1,764,492 | 1,708,154 |
| Central | 917,378 | 847,672 | 902,864 | 830,304 |
| Operation of Non-Instructional Services | 689,308 | 213,587 | 683,080 | 200,216 |
| Extracurricular Activities | 957,096 | 890,330 | 944,606 | 877,658 |
| Capital Outlay | 0 | 0 | 647,931 | 647,931 |
| Interest and Fiscal Charges/Other | 937,935 | 937,935 | 1,027,560 | 1,027,560 |
| Total Expenses | <u>\$34,731,330</u> | <u>\$29,299,040</u> | <u>\$34,111,364</u> | <u>\$28,534,740</u> |

The dependence upon tax revenues for governmental activities is apparent. Over 53 percent of instruction activities are supported through taxes and other general revenues, for all governmental activities general revenue support is 84 percent. The community, as a whole, is by far the primary support for the District's students.

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

The School District's Funds

Information about the District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$37,951,868 and expenditures of \$42,291,518. The net change in fund balance for the year was most significant in the building fund, a decline of \$4,884,342. This decrease is due to the building of the District's Middle School by spending down the remaining bond proceeds to complete this project.

General Fund Budgeting Highlights

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

During the course of fiscal year 2004, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$130,184, less than the final budget estimates of \$28,524,844. Of this difference, most was due to a decline in revenue from tuition and fees.

There was one amendment to the original appropriations during fiscal year 2004.

The District's ending unobligated cash balance was \$295,474 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2004, the District had \$32,366,762 invested in land, buildings, equipment, buses and other vehicles, all in governmental activities. See note 8 to the basic financial statements for more detailed information on capital asset activity. Table 4 shows fiscal 2004 balances compared to 2003:

Table 4 – Capital Assets

| | Governmental Activities | |
|----------------------------|-------------------------|--------------|
| | 2004 | 2003 |
| Land | \$831,499 | \$831,499 |
| Land Improvements | 1,771,126 | 1,239,353 |
| Buildings and Improvements | 28,266,463 | 14,773,637 |
| Furnitures and Equipment | 1,100,581 | 874,200 |
| Buses and Vehicles | 392,218 | 487,085 |
| Construction in Progress | 4,875 | 9,254,240 |
| Totals | \$32,366,762 | \$27,460,014 |

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

The primary increase in building and building improvements was due to the addition of a new Middle School which opened in August, 2003. The decrease in vehicles is the result of depreciation expense over current year acquisitions. Land improvements increased due to the addition of new athletic fields in the District. Equipment increased due to the District's lease-purchase agreement, which equipped every Middle School teacher and student with a laptop.

For fiscal year 2004, a change in Ohio law required school districts to set aside three percent of certain revenues for capital improvements and textbooks, respectively. For fiscal year 2004, this amounted to \$126,305 for each set aside. For fiscal year 2004, the District had qualifying disbursements or offsets exceeding these requirements. For fiscal year 2004, the set aside will remain three percent. The District has budgeted to meet these requirements.

As of June 30, 2004, the District has contractual commitments for additions on High School Atrium and construction a new Middle School. The balance outstanding on these contracts is \$122,895 and \$302,402, respectively.

Debt

At June 30, 2004, the District had \$22,553,055 in bonds and notes outstanding, \$2,040,171 due within one year. Table 5 summarizes bonds and notes outstanding. See note 14 to the basic financial statements for more detailed information on long-term debt activity.

Table 5 - Outstanding Debt, at Year End (In Millions)

| | Governmental Activities <u>2003</u> | Governmental Activities <u>2003</u> |
|----------------------------------|---|---|
| General Obligation Bonds | | |
| 1992 Bus Financing Pool | \$30,000 | \$75,000 |
| 2000 Tax Anticipation Notes | 4,590,000 | 5,125,000 |
| 2002 School Improvement Premium | 453,073 | 478,244 |
| 2002 Unamortized Accounting Gain | 175,952 | 185,213 |
| 2002 School Improvement Bonds | <u>17,304,030</u> | <u>18,629,769</u> |
| Total | <u><u>\$22,553,055</u></u> | <u><u>\$24,493,226</u></u> |

The general obligation bonds were issued for the purpose of school improvements. They are to be repaid from the debt service fund.

At June 30, 2004, the District's overall legal debt margin was \$50,452,410 with an unvoted debt margin of \$755,138. The District maintains an Aa2 bond rating.

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

For the Future

The Beachwood City School District closed out its fiscal year on June 30, 2004 on a positive note staying within the appropriations approved by the Board of Education and spending less than anticipated for the year. According to current financial projections, as evidenced by the District's 5-year plan, the District will not need additional operating revenues until the 2005-06 school year, consistent with the promise the Board made to the community during the last levy campaign.

In May 2002, the community approved a \$ 15,750,000 bond issue to provide funding to build a new state-of-the art Middle School. The Middle School opened in August, 2003.

The District recently received a bond rating of Aa2 from Moody's Investor's Service for the new and all outstanding debt. This rating is among the highest of all school districts in Ohio.

The Board of Education and administration of the school district are committed to careful financial planning and prudent fiscal management. An excellent working and supportive relationship exists between the School District, the City of Beachwood, the industrial community and the residents of the City.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Michele Mills, Director of Finance/Treasurer at 216-464-8164 or E-mail at mm@bw.beachwood.k12.oh.us.

Beachwood City Schools
Statement of Net Assets
June 30, 2004

| | <u>Governmental</u> <u>Activities</u> |
|---|--|
| ASSETS: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 4,454,326 |
| Materials and Supplies Inventory | 86,605 |
| Accrued Interest Receivable | 19,700 |
| Accounts Receivable | 21,716 |
| Property and Other Local Taxes Receivable | 28,546,651 |
| Deferred Charges | 175,952 |
| Non-Depreciable Capital Assets | 836,374 |
| Depreciable Capital Assets, net | <u>31,530,388</u> |
| <i>Total Assets</i> | <u>\$ 65,671,712</u> |
| LIABILITIES: | |
| Accounts Payable | \$ 51,126 |
| Accrued Wages and Benefits | 2,877,555 |
| Intergovernmental Payable | 417,296 |
| Undistributed Monies | 9,630 |
| Matured Bonds Payable | 86,363 |
| Deferred Revenue | 22,146,810 |
| Long-Term Liabilities: | |
| Due Within One Year | 2,517,999 |
| Due in More Than One Year | <u>23,365,818</u> |
| <i>Total Liabilities</i> | <u>\$ 51,472,597</u> |
| NET ASSETS: | |
| Invested in Capital Assets, Net of Related Debt | \$ 9,336,218 |
| Restricted for Debt Service | 1,720,016 |
| Restricted for Capital Outlay | 881,458 |
| Restricted for Other Purposes | 114,876 |
| Restricted for Set Asides | 134,873 |
| Unrestricted | <u>2,011,674</u> |
| <i>Total Net Assets</i> | <u>\$ 14,199,115</u> |

See Accompanying Notes to Basic Financial Statements

Beachwood City Schools
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 | \$ 10,041,085 | \$ 308,869 | \$ 20,741 | |
| Special | 5,642,088 | 1,178,598 | 343,732 | |
| Vocational | 924,719 | 303,005 | 391,124 | |
| Adult/Continuing | 222,285 | 174,026 | | |
| Other | 528,364 | 442,970 | | |
| Support Services: | | | | |
| Pupils | 2,916,828 | 871,605 | 378,760 | |
| Instructional Staff | 999,100 | 988 | 61,511 | |
| Board of Education | 424,172 | | | |
| Administration | 2,467,679 | 8,963 | 6,971 | |
| Fiscal | 748,653 | 3,598 | | |
| Business | 648,341 | 14,752 | 5,600 | |
| Operation and Maintenance of Plant | 3,681,893 | 253,837 | | |
| Pupil Transportation | 1,984,406 | 41,402 | 1,578 | 7,467 |
| Central | 917,378 | 30,350 | 39,356 | |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 484,335 | 303,674 | 25,941 | |
| Community Services | 204,973 | | 146,106 | |
| Extracurricular Activities | 957,096 | 66,766 | | |
| Debt Service: | | | | |
| Issuance Costs | 9,261 | | | |
| Interest and Fiscal Charges | 928,674 | | | |
| Total Governmental Activities | \$ 34,731,330 | \$ 4,003,403 | \$ 1,421,420 | \$ 7,467 |

General Revenues:

Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous
Property and Other Local Taxes

Total General Revenues, Transfers and Property and Other Local Taxes

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

**Net (Expense) Revenue and Changes in
Net Assets**

| Governmental Activities | Total |
|------------------------------------|----------------------|
| \$ (9,711,475) | \$ (9,711,475) |
| (4,119,758) | (4,119,758) |
| (230,590) | (230,590) |
| (48,259) | (48,259) |
| (85,394) | (85,394) |
| (1,666,463) | (1,666,463) |
| (936,601) | (936,601) |
| (424,172) | (424,172) |
| (2,451,745) | (2,451,745) |
| (745,055) | (745,055) |
| (627,989) | (627,989) |
| (3,428,056) | (3,428,056) |
| (1,933,959) | (1,933,959) |
| (847,672) | (847,672) |
| (154,720) | (154,720) |
| (58,867) | (58,867) |
| (890,330) | (890,330) |
| (9,261) | (9,261) |
| <u>(928,674)</u> | <u>(928,674)</u> |
| <u>(29,299,040)</u> | <u>(29,299,040)</u> |
| 4,549,844 | 4,549,844 |
| 125,271 | 125,271 |
| 61,711 | 61,711 |
| <u>27,811,470</u> | <u>27,811,470</u> |
| <u>32,548,296</u> | <u>32,548,296</u> |
| 3,249,256 | 3,249,256 |
| <u>10,949,859</u> | <u>10,949,859</u> |
| <u>\$ 14,199,115</u> | <u>\$ 14,199,115</u> |

Beachwood City Schools
Balance Sheet
Governmental Funds
June 30, 2004

| | <u>General</u> | <u>Bond Retirement Fund</u> | <u>Permanent Improvement Fund</u> | <u>Building Fund</u> |
|--|----------------------|-------------------------------------|---|----------------------|
| ASSETS: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,121,720 | \$ 1,057,721 | \$ 23,331 | \$ 679,807 |
| Materials and Supplies Inventory | 78,758 | | | |
| Accrued Interest Receivable | 19,700 | | | |
| Accounts Receivable | 20,282 | | | |
| Interfund Receivable | 572,615 | | | |
| Property and Other Local Taxes Receivable | 24,988,769 | 2,939,970 | 617,912 | |
| <i>Total Assets</i> | <u>\$ 26,801,844</u> | <u>\$ 3,997,691</u> | <u>\$ 641,243</u> | <u>\$ 679,807</u> |
| LIABILITIES: | | | | |
| Accounts Payable | 34,652 | | 12,423 | |
| Accrued Wages and Benefits | 2,499,187 | | | |
| Interfund Payable | | | | |
| Intergovernmental Payable | 354,482 | | | |
| Undistributed Monies | | | | |
| Deferred Revenue | 20,371,387 | 2,272,885 | 483,449 | |
| General Obligation Bonds Payable | | 86,363 | | |
| <i>Total Liabilities</i> | <u>23,259,708</u> | <u>2,359,248</u> | <u>495,872</u> | <u>0</u> |
| Equity: | | | | |
| FUND BALANCES: | | | | |
| Reserved: | | | | |
| Reserved for Encumbrances | 209,927 | | 3,332 | 434,936 |
| Reserved for Inventory | 78,758 | | | |
| Reserved for Property Taxes | 4,133,774 | 641,148 | 127,007 | |
| Reserved for Budget Stabilization | 134,873 | | | |
| Unreserved, Undesignated, Reported in: | | | | |
| General Fund | (1,015,196) | | | |
| Special Revenue Funds | | | | |
| Debt Service Funds | | 997,295 | | |
| Capital Projects Funds | | | 15,032 | 244,871 |
| <i>Total Fund Balances</i> | <u>3,542,136</u> | <u>1,638,443</u> | <u>145,371</u> | <u>679,807</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 26,801,844</u> | <u>\$ 3,997,691</u> | <u>\$ 641,243</u> | <u>\$ 679,807</u> |

See Accompanying Notes to the Basic Financial Statements

| Consortium Fund | All Other Governmental Funds | Total Governmental Funds | | |
|---------------------|------------------------------------|--------------------------------|--|---------------------|
| | | | Total Governmental Fund Balances | \$6,441,226 |
| \$ 1,168,335 | \$ 287,231 | \$ 4,338,145 | <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i> | |
| | 7,847 | 86,605 | Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds: | |
| | | 19,700 | Nondepreciable capital assets | 836,374 |
| 1,058 | 376 | 21,716 | Depreciable capital assets | 31,530,388 |
| | | 572,615 | Deferred charges (unamortized bond issuance costs) are not reported in the funds as an asset: | 175,952 |
| | | 28,546,651 | Deferred revenue, including delinquent property tax revenues, are not receivable in the current period and therefore, are not reported in the funds: | |
| <u>\$ 1,169,393</u> | <u>\$ 295,454</u> | <u>\$ 33,585,432</u> | Deferred revenue | 982,811 |
| | | | Long term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds: | |
| 2 | 4,049 | 51,126 | Due within one year | (2,517,999) |
| 314,182 | 64,186 | 2,877,555 | Due within more than one year | (23,365,818) |
| 572,615 | | 572,615 | Internal service funds are used by management to charge the vision expenses in the governmental activities in the Statement of Net Assets | 116,181 |
| 40,981 | 21,833 | 417,296 | | |
| | 9,630 | 9,630 | Net Assets of Governmental Activities | <u>\$14,199,115</u> |
| | 1,900 | 23,129,621 | | |
| | | 86,363 | | |
| <u>927,780</u> | <u>101,598</u> | <u>27,144,206</u> | | |
| | | | | |
| 6,246 | 14,986 | 669,427 | | |
| | | 78,758 | | |
| | | 4,901,929 | | |
| | | 134,873 | | |
| | | (1,015,196) | | |
| 235,367 | 177,627 | 412,994 | | |
| | | 997,295 | | |
| | 1,243 | 261,146 | | |
| <u>241,613</u> | <u>193,856</u> | <u>6,441,226</u> | | |
| <u>\$ 1,169,393</u> | <u>\$ 295,454</u> | <u>\$ 33,585,432</u> | | |

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

| | <u>General</u> | <u>Bond Retirement Fund</u> | <u>Permanent Improvement Fund</u> | <u>Building Fund</u> | <u>Consortium Fund</u> |
|---|---------------------|-------------------------------------|---|----------------------|----------------------------|
| REVENUES: | | | | | |
| Property and Other Local Taxes | \$24,131,920 | \$2,872,968 | \$585,089 | \$0 | \$0 |
| Intergovernmental | 4,144,018 | 314,601 | 65,704 | 204,019 | 803,089 |
| Interest | 93,759 | | 6,618 | 23,220 | |
| Increase (Decrease) in Fair Value of Investments | 3,038 | | | (1,364) | |
| Tuition and Fees | 508,919 | | | | 1,956,082 |
| Rent | 253,837 | | | | |
| Extracurricular Activities | | | | | |
| Gifts and Donations | 18,958 | | | | |
| Customer Sales and Services | 187,442 | | 1,500 | 1,100 | 25,613 |
| Miscellaneous | 57,557 | | | | |
| <i>Total Revenues</i> | <u>29,399,448</u> | <u>3,187,569</u> | <u>658,911</u> | <u>226,975</u> | <u>2,784,784</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 10,144,780 | | | 614,121 | |
| Special | 4,446,529 | | | | 1,071,500 |
| Vocational | 254,320 | | | | 667,872 |
| Adult/Continuing | | | | | |
| Other | 110,665 | | | | |
| Support Services: | | | | | |
| Pupils | 1,634,900 | | | | 1,042,841 |
| Instructional Staff | 887,333 | | | | |
| Board of Education | 401,284 | | | | |
| Administration | 2,461,987 | | 18,846 | | |
| Fiscal | 751,883 | | | | |
| Business | 668,181 | | | | |
| Operation and Maintenance of Plant | 3,172,193 | | 366,774 | | |
| Pupil Transportation | 1,870,036 | | | | |
| Central | 939,134 | | | | 516 |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | | | | | |
| Community Services | | | | | |
| Extracurricular Activities | 755,667 | | | | |
| Capital Outlay | | | 23,355 | 4,877,454 | |
| Debt Service: | | | | | |
| Principal | | 1,915,000 | 378,959 | | |
| Interest | | 939,886 | | | |
| <i>Total Expenditures</i> | <u>28,498,892</u> | <u>2,854,886</u> | <u>787,934</u> | <u>5,491,575</u> | <u>2,782,729</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>900,556</u> | <u>332,683</u> | <u>(129,023)</u> | <u>(5,264,600)</u> | <u>2,055</u> |
| OTHER FINANCING SOURCES AND USES: | | | | | |
| Transfers In | 6,663 | | | | |
| Proceeds from Sale of Fixed Assets | 7,850 | | | | |
| Refund of Prior Year Expenditures | 1,995 | | | | |
| Inception of Capital Lease | 202,940 | | | 380,258 | |
| Transfers Out | (264,046) | | | | |
| Refund of Prior Year Receipts | | | | | |
| <i>Total Other Financing Sources and Uses</i> | <u>(44,598)</u> | <u>0</u> | <u>0</u> | <u>380,258</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 855,958 | 332,683 | (129,023) | (4,884,342) | 2,055 |
| <i>Fund Balance (Deficit) at Beginning of Year</i> | <u>2,686,178</u> | <u>1,305,760</u> | <u>274,394</u> | <u>5,564,149</u> | <u>239,558</u> |
| <i>Fund Balance (Deficit) at End of Year</i> | <u>\$ 3,542,136</u> | <u>\$ 1,638,443</u> | <u>\$ 145,371</u> | <u>\$ 679,807</u> | <u>\$ 241,613</u> |

See Accompanying Notes to the Basic Financial Statements

| <u>All Other Governmental Funds</u> | <u>Total Governmental Funds</u> | | | |
|---|---|---|--|--------------------|
| \$0 | \$27,589,977 | Net change in Fund Balances - Total Governmental Funds | \$ (3,759,138) | |
| 611,303 | 6,142,734 | <i>Amounts reported for governmental activities in the Statement of Activities are different because:</i> | | |
| 678 | 124,275 | | | |
| | 1,674 | <p>Governmental Funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over the estimated useful lives of the assets as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> | | |
| 442,821 | 2,907,822 | | | |
| | 253,837 | | | |
| 65,367 | 65,367 | | Capital Outlay | 6,541,866 |
| 41,962 | 60,920 | | Depreciation | <u>(1,635,118)</u> |
| 532,050 | 747,705 | | Total | 4,906,748 |
| | 57,557 | | | |
| <u>1,694,181</u> | <u>37,951,868</u> | | | |
| | | | Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds: | |
| 25,490 | 10,784,391 | | | |
| 137,108 | 5,655,137 | | | |
| 1,012 | 923,204 | Property Taxes | 221,493 | |
| 222,039 | 222,039 | Intergovernmental | <u>(204,019)</u> | |
| 403,387 | 514,052 | Total | 17,474 | |
| | | | | |
| 181,219 | 2,858,960 | The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 2,002,238 | |
| 54,618 | 941,951 | | | |
| | 401,284 | | | |
| 6,965 | 2,487,798 | | | |
| 2,707 | 754,590 | | | |
| 2 | 668,183 | | | |
| | 3,538,967 | | | |
| 1,578 | 1,871,614 | | | |
| 43,464 | 983,114 | | | |
| | | The internal service funds are used by management and are not reported in the government-wide Statements of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities. | (28,632) | |
| 431,812 | 431,812 | | | |
| 201,584 | 201,584 | | | |
| 162,517 | 918,184 | | | |
| | 4,900,809 | | | |
| | 2,293,959 | Compensated absences reported in the Statement of activities, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. | 110,566 | |
| | <u>939,886</u> | | | |
| <u>1,875,502</u> | <u>42,291,518</u> | | | |
| <u>(181,321)</u> | <u>(4,339,650)</u> | Changes in Net Assets of Governmental Activities | <u>\$ 3,249,256</u> | |
| | | | | |
| 264,046 | 270,709 | | | |
| | 7,850 | | | |
| 1,399 | 3,394 | | | |
| | 583,198 | | | |
| (6,663) | (270,709) | | | |
| <u>(13,930)</u> | <u>(13,930)</u> | | | |
| <u>244,852</u> | <u>580,512</u> | | | |
| | | | | |
| 63,531 | (3,759,138) | | | |
| | | | | |
| <u>130,325</u> | <u>10,200,364</u> | | | |
| <u>\$ 193,856</u> | <u>\$ 6,441,226</u> | | | |

Beachwood City Schools
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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Property and Other Local Taxes | \$ 24,715,717 | \$ 22,628,523 | \$ 22,852,847 | \$ 224,324 |
| Intergovernmental | 3,865,261 | 4,226,427 | 4,144,018 | (82,409) |
| Interest | 100,000 | 100,000 | 87,766 | (12,234) |
| Tuition and Fees | 1,190,633 | 1,010,633 | 791,940 | (218,693) |
| Rent | 14,000 | 259,000 | 253,837 | (5,163) |
| Gifts and Donations | 0 | 19,000 | 18,958 | (42) |
| Customer Sales and Services | 224,191 | 224,191 | 187,442 | (36,749) |
| Miscellaneous | 57,070 | 57,070 | 57,852 | 782 |
| Total Revenues | <u>30,166,872</u> | <u>28,524,844</u> | <u>28,394,660</u> | <u>(130,184)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 10,894,250 | 10,615,762 | 10,548,763 | 66,999 |
| Special | 4,051,570 | 4,106,649 | 4,086,568 | 20,081 |
| Vocational | 165,140 | 261,150 | 250,696 | 10,454 |
| Other | 102,050 | 123,050 | 114,824 | 8,226 |
| Support Services: | | | | |
| Pupils | 1,808,471 | 1,648,508 | 1,629,103 | 19,405 |
| Instructional Staff | 1,196,049 | 940,149 | 892,757 | 47,392 |
| Board of Education | 368,998 | 471,998 | 460,722 | 11,276 |
| Administration | 2,569,243 | 2,516,681 | 2,460,558 | 56,123 |
| Fiscal | 740,745 | 765,745 | 745,063 | 20,682 |
| Business | 703,808 | 660,808 | 626,955 | 33,853 |
| Operation and Maintenance of Plant | 3,241,244 | 3,251,583 | 3,185,788 | 65,795 |
| Pupil Transportation | 1,675,528 | 1,897,978 | 1,859,672 | 38,306 |
| Central | 788,973 | 787,888 | 750,449 | 37,439 |
| Extracurricular Activities: | | | | |
| Academic Oriented Activities | 127,345 | 127,345 | 126,053 | 1,292 |
| Sport Oriented Activities | 596,788 | 596,788 | 595,498 | 1,290 |
| School and Public Service Co-Curricular Activities | 36,826 | 37,826 | 37,220 | 606 |
| Total Expenditures | <u>29,067,028</u> | <u>28,809,908</u> | <u>28,370,689</u> | <u>439,219</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,099,844</u> | <u>(285,064)</u> | <u>23,971</u> | <u>309,035</u> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 13,225 | 19,888 | 6,663 | (13,225) |
| Proceeds from Sale of Fixed Assets | 500 | 7,850 | 7,850 | 0 |
| Refund of Prior Year Expenditures | 2,500 | 2,500 | 1,995 | (505) |
| Advances In | 15,000 | 49,500 | 49,500 | 0 |
| Transfers Out | (265,146) | (265,315) | (265,146) | 169 |
| Total Other Financing Sources and Uses | <u>(233,921)</u> | <u>(185,577)</u> | <u>(199,138)</u> | <u>(13,561)</u> |
| Net Change in Fund Balances | 865,923 | (470,641) | (175,167) | 295,474 |
| Fund Balance at Beginning of Year | 790,258 | 790,258 | 790,258 | 0 |
| Prior Year Encumbrances Appropriated | 254,428 | 254,428 | 254,428 | 0 |
| Fund Balance at End of Year | <u>\$ 1,910,609</u> | <u>\$ 574,045</u> | <u>\$ 869,519</u> | <u>\$ 295,474</u> |

See Accompanying Notes to Basic Financial Statements

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Consortium Fund
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 662,000 | \$ 662,000 | \$ 803,089 | \$ 141,089 |
| Tuition and Fees | 2,417,000 | 2,417,000 | 1,955,883 | (461,117) |
| Customer Sales and Services | 121,684 | 121,684 | 25,613 | (96,071) |
| Total Revenues | <u>3,200,684</u> | <u>3,200,684</u> | <u>2,784,585</u> | <u>(416,099)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | 1,645,418 | 1,564,128 | 1,456,514 | 107,614 |
| Vocational | 656,225 | 597,535 | 554,795 | 42,740 |
| Support Services: | | | | |
| Pupils | 1,098,990 | 1,090,250 | 1,052,904 | 37,346 |
| Central | 1,596 | 1,596 | 516 | 1,080 |
| Total Expenditures | <u>3,402,229</u> | <u>3,253,509</u> | <u>3,064,729</u> | <u>188,780</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(201,545)</u> | <u>(52,825)</u> | <u>(280,144)</u> | <u>(227,319)</u> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Advances Out | 0 | (1,000) | (1,000) | 0 |
| Total Other Financing Sources and Uses | <u>0</u> | <u>(1,000)</u> | <u>(1,000)</u> | <u>0</u> |
| Net Change in Fund Balances | (201,545) | (53,825) | (281,144) | (227,319) |
| Fund Balance (Deficit) at Beginning of Year | 1,437,743 | 1,437,743 | 1,437,743 | 0 |
| Prior Year Encumbrances Appropriated | 5,485 | 5,485 | 5,485 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$ 1,241,683</u> | <u>\$ 1,389,403</u> | <u>\$ 1,162,084</u> | <u>\$ (227,319)</u> |

See Accompanying Notes to the Basic Financial Statements

Beachwood City Schools
Statement of Fund Net Assets
Proprietary Fund
June 30, 2004

| | Governmental Activities - Internal Service Funds |
|--|---|
| | <hr/> |
| ASSETS: | |
| Current Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 116,181 |
| | <hr/> |
| <i>Total Current Assets</i> | 116,181 |
| | <hr/> |
| <i>Total Assets</i> | 116,181 |
| | <hr/> |
| NET ASSETS: | |
| Unrestricted | 116,181 |
| | <hr/> |
| <i>Total Net Assets</i> | \$ 116,181 |
| | <hr/> <hr/> |

See Accompanying Notes to the Basic Financial Statements

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

| | Governmental Activities - Internal Service Funds |
|--|---|
| OPERATING REVENUES: | |
| Other Revenues | \$ 60,000 |
| <i>Total Operating Revenues</i> | 60,000 |
| OPERATING EXPENSES: | |
| Claims | 88,632 |
| <i>Total Operating Expenses</i> | 88,632 |
| <i>Operating Income (Loss)</i> | (28,632) |
| <i>Net Change in Net Assets</i> | (28,632) |
| <i>Net Assets at Beginning of Year</i> | 144,813 |
| <i>Net Assets at End of Year</i> | \$ 116,181 |

See Accompanying Notes to the Basic Financial Statements

Beachwood City Schools
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2004

| | <u>Governmental Activities - Internal Service Fund</u> |
|---|--|
| Increase (Decrease) in Cash and Cash Equivalents | |
| Cash Flows from Operating Activities: | |
| Cash received from self insurance premiums | \$ 60,000 |
| Cash payments for other expenses | <u>(88,632)</u> |
| Net cash provided by (used for) Operating Activities | <u>(28,632)</u> |
| Net decrease in Cash and Cash Equivalents | <u>(28,632)</u> |
| Cash and Cash Equivalents - Beginning of Year | <u>144,813</u> |
| Cash and Cash Equivalents - End of Year | <u><u>\$116,181</u></u> |
| Reconciliation of Operating (loss) to Net Cash (used by) Operating activities: | |
| Operating (Loss) | <u>(28,632)</u> |
| Net cash (used for) operating activities | <u><u>\$ (28,632)</u></u> |

See Accompanying Note to the Basic Financial Statements

Beachwood City Schools
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2004

| | <u>Agency Fund</u> |
|--|--------------------------|
| ASSETS: | |
| Current Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 798,602 |
| <i>Total Current Assets</i> | <u>798,602</u> |
| <i>Total Assets</i> | <u><u>798,602</u></u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Undistributed Monies | 744,176 |
| Due to Students | <u>54,426</u> |
| <i>Total Current Liabilities</i> | <u>798,602</u> |
| <i>Total Liabilities</i> | <u><u>\$ 798,602</u></u> |

See Accompanying Notes to the Basic Financial Statements

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Note 1 - Description of the School District and Reporting Entity

The Beachwood City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The Board controls the District’s five instructional facilities and one support facility staffed by 202 certificated teaching personnel, 208 non-certificated support personnel and 13 administrators.

The District is located east of Cleveland, Ohio, in a prosperous suburb consisting of residences and significant office and retail commercial development. The enrollment for the District during the 2004 fiscal year was 1,596. The District operates three elementary schools, a middle school, and a high school.

Reporting Entity

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

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are presented respectively in Note 16 and Note 10B to the financial statements. These organizations are:

Jointly Governed Organizations:

Ohio Schools’ Council Association
Lake Geauga Computer Association.

Public Entity Risk Pool:

Sheakley Uniservice, Inc. Worker’s Compensation Group Rating Program

Note 2 - Summary of Significant Accounting Policies

The financial statements of Beachwood 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 proprietary fund provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Bond Retirement Fund - The debt service fund is used to account for the accumulation of resources received from property taxes for the payment of general long-term debt, principal, interest and related costs.

Permanent Improvement Capital Project Fund - The permanent improvement capital project fund accounts for resources received from property taxes to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

Building Capital Project Fund - The building capital project fund accounts for all transactions related to the acquiring, constructing, or improving facilities.

Consortium Fund - The consortium fund accounts for services to other Districts for vocational training programs and for the multi-handicapped and educating deaf and hearing-impaired children on a cost-reimbursement basis.

The other governmental funds of the School District account for food service, preschool, grants, other resources and capital projects of the School District whose uses are restricted to a particular purpose.

Proprietary Fund Proprietary funds focus on the determination of the changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds.

Internal Service Fund - The internal service fund is a self-insurance program which provides vision benefits to employees.

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

C. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

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

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

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

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 funds and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange 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 6. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes 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.

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

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

E. Budgetary Data

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

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

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are re-appropriated.

F. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

and Cash Equivalents” on the financial statements.

During fiscal year 2004, investments were limited to demand deposits, certificates of deposit, Victory Federal Money Market, federal agency discount notes, treasury bills and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund’s share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Beachwood City School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows government within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2004.

Interest on pooled cash and investments is only allocated to governmental, enterprise and fiduciary fund types as required by state statute. Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2004 amounted to \$93,759, which includes \$67,221 assigned from other School District funds.

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

G. 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 purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis and is determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when used (consumption method). Inventories in general fund and other non-major governmental

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. By Statute, money must be set aside to create a reserve for budget stabilization. Restricted assets in the General Fund include the amount required by State statute to be set aside for budget stabilization. See note 15 for additional information regarding set-asides.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars with the exception of any items deemed by the Business Manager to be capitalized. 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 capitalized. Interest incurred during the construction of general capital assets is not capitalized.

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

| Description | Estimated Lives |
|-------------------------|--------------------|
| Land Improvements | 30 years |
| Buildings and Buildings | 20-50 years |
| Vehicles | 10 years |
| Equipment | 5 – 10 years |

K. Inter-fund Balances

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

L. Compensated Absences

The School District reports compensated absences in accordance with the provision of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees.

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's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

The entire compensated absence liability is reported on the government-wide financial statements. These amounts are recorded in the account "accrued wages and benefits" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements

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

N. Net Assets

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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

O. Fund Balance Reserves and Designations

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designation for budget stabilization represents revenues set aside that exceed statutorily required amounts.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are for a self-insurance program for vision claims. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenditures not meeting this definition are reported as non-operating.

Q. Inter-fund Transactions

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.

S. Estimates

The preparation of financial statements in conformity with generally accepted accounting

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Accountability and Compliance

A. Accountability

Fund equity/retained earnings at June 30, 2004 included the following individual fund deficits:

| | |
|------------------------------|------------|
| <u>Special Revenue:</u> | |
| Food Service | (\$13,974) |
| Student Reading Inter. Grant | (\$ 2,729) |
| Title II-A | (\$ 85) |
| IDEA B | (\$ 120) |

The deficit in the Food Service fund is due in part to staffing issues. As full time staff retire, the District is replacing those positions with part-time staff members which will save on health care costs. In June, 2003, two full-time staff members retired. Also the previous food service director resigned. The District expects that some of the deficit will be eliminated through increased participation and the part time staff members, however, due to the number of students in the school, the District does not anticipate that the deficit will be completely eliminated.

The deficit in the Student Reading Intervention Grant, Title II-A and IDEA B grants are timing differences.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and expenses 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).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Consortium Fund.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Net Change in Fund Balance

| | <u>General</u> | <u>Consortium</u> |
|--|--------------------|--------------------|
| GAAP Basis | \$855,958 | \$2,055 |
| Net adjustments for revenue accruals | (1,207,728) | (199) |
| Advances in | 49,500 | 0 |
| Net adjustments for expenditure accruals | 371,685 | (275,754) |
| Advances out | 0 | (1,000) |
| Encumbrances Outstanding at | | |
| Year End (Budget Basis) | <u>(244,582)</u> | <u>(6,246)</u> |
| Budget Basis | <u>\$(175,167)</u> | <u>\$(281,144)</u> |

Note 5 - Deposits and Investments

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

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

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury 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;

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

2. Bonds, notes, debentures, or any other obligation or security 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 2 percent and be marked to market daily, and 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptance for the period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, 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 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.

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

Petty Cash

At fiscal year end, the School District had \$5,200 in petty cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

Beachwood City School District
Notes to the Basic Financial Statements
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Deposits

At fiscal year end, the carrying amount of the School District's deposits was \$1,109,104 and the bank balance was \$1,411,972. Of the bank balance, \$400,000 was covered by federal depository insurance and \$1,011,972 was uninsured and un-collateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments made by the District as of June 30, 2004 are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, or investments held by the District or its agents in the District's name.
- Category 2 Uninsured or unregistered, with investments held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with investments held by the counterparty, or by its trust department or agent but not in the District's name.

| | <u>Risk Category 3</u> | <u>Book Value</u> | <u>Fair Market Value</u> |
|--|------------------------|--------------------|--------------------------|
| U.S. Government Agency, FNMA Int, 1.315% (8/25/03-7/23/04) | \$494,057 | \$494,057 | \$499,603 |
| U.S. Government Agency, FNMA Int, 1.315% (8/25/03-7/23/04) | 495,143 | 495,143 | 495,041 |
| U.S. Government Agency, FNMA Int 1.222% (10/10/03-9/17/04) | 494,307 | 494,307 | 498,375 |
| U.S. Government Agency, FHLMC Int 1.248% (10/10/03-10/07/04) | 493,849 | 493,849 | 497,877 |
| U.S. Government Agency, FFCB, Int 1.15% (12/29/04-03/11/04) | 500,000 | 500,000 | 498,285 |
| U.S. Government Agency, FNMA Int, 1.556% (8/25/03-7/23/04) | <u>499,950</u> | <u>499,950</u> | <u>495,755</u> |
| Subtotal | <u>\$2,977,306</u> | <u>\$2,977,306</u> | <u>\$2,984,936</u> |
| Investment in Mutual Fund Sweep | | 107,762 | 107,762 |
| Investment in STAR Ohio | | <u>1,045,926</u> | <u>1,045,926</u> |

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

| | | |
|-------------|--------------------|--------------------|
| Grand Total | <u>\$4,130,994</u> | <u>\$4,138,624</u> |
|-------------|--------------------|--------------------|

The investments in STAR Ohio and Mutual Fund Sweep Account are unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the basic financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

| | Cash and Cash Equivalents/ Deposits | Investments |
|----------------------|---|-------------|
| GASB Statement No. 9 | \$5,252,928 | \$0 |
| Cash on Hand | (5,200) | 0 |
| Investments | (4,138,624) | 4,138,624 |
| GASB Statement No. 3 | \$1,109,104 | \$4,138,624 |

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property 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 earlier or later payment dates to be established.

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 become 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 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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

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 Cuyahoga County Treasurer collects property taxes on behalf of the District. The County Auditors periodically advance to the School District its portion of the taxes collected. These tax “advances” are based on three-year historical cash flow collection rates and occur eight times annually. Second-half real property tax payments collected by the Counties by June 30, 2003, 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 represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which became measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount available as an advance at June 30 were levied to finance current fiscal year operations, which is recognized as revenue. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at June 30, 2004 was \$4,133,775 for the General Fund, \$641,148 in the Bond Retirement Fund, and \$127,007 in the Permanent Improvement Fund. The increase in the amount available at June 30, 2004 is due to the timing of the collections by the County Auditor.

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 | \$289,676,150 | 41.19% | \$329,036,850 | 43.57% |
| Industrial/Commercial | 329,433,890 | 46.84 | 353,236,790 | 46.78 |
| Public Utility | 11,948,350 | 1.70 | 13,265,590 | 1.76 |
| Tangible Personal | 72,216,204 | 10.27 | 59,598,455 | 7.89 |
| Total Assessed Value | <u>\$703,274,594</u> | <u>100.00%</u> | <u>\$755,137,685</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$77.50 | | \$77.50 | |

Note 7 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), intergovernmental, accrued interest, and loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 8 - Capital Assets

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

| | Balance at 6/30/03 | Additions | Reductions | Balance at 6/30/04 |
|--|-----------------------|---------------------|--------------------|-----------------------|
| Governmental Activities | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$831,499 | \$0 | \$0 | \$831,499 |
| Construction in progress | 9,254,240 | 4,875 | 9,254,240 | 4,875 |
| Capital Assets, being depreciated: | | | | |
| Land Improvements | 1,809,561 | 612,550 | 0 | 2,422,111 |
| Buildings and Buildings Improvements | 23,361,725 | 14,463,694 | 0 | 37,825,419 |
| Vehicles | 1,616,477 | 18,626 | 18,135 | 1,616,968 |
| Equipment | 3,996,052 | 807,544 | 286,823 | 4,516,773 |
| Totals at Historical Cost | <u>30,783,815</u> | <u>15,902,414</u> | <u>304,958</u> | <u>46,381,271</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 570,208 | 80,777 | 0 | 650,985 |
| Buildings and Building Improvements | 8,588,088 | 970,868 | 0 | 9,558,956 |
| Vehicles | 1,129,392 | 113,493 | 18,135 | 1,224,750 |
| Equipment | 3,121,852 | 469,980 | 175,640 | 3,416,192 |
| Total Accumulated Depreciation | <u>13,409,540</u> | <u>1,635,118</u> | <u>193,775</u> | <u>14,850,883</u> |
| Total Capital Assets, being Depreciated, Net | <u>17,374,275</u> | <u>14,267,296</u> | <u>111,183</u> | <u>31,530,388</u> |
| Governmental Activities Capital Assets, Net | <u>\$27,460,014</u> | <u>\$14,272,171</u> | <u>\$9,365,423</u> | <u>\$32,366,762</u> |

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|-------------|
| Instruction: | |
| Regular | \$832,499 |
| Special | 42,830 |
| Adult | 1,025 |
| Vocational | 16,399 |
| Other | 16,326 |
| Support Services: | |
| Pupil | 15,734 |
| Instructional Staff | 56,899 |
| Board of Education | 22,844 |
| Administration | 26,919 |
| Fiscal | 4,860 |
| Business | 8,763 |
| Operation and Maintenance of Plant | 123,518 |
| Pupil Transportation | 121,050 |
| Central | 248,098 |
| Extra-curricular activities | 53,847 |
| Food service operations | 39,618 |
| Community | 3,889 |
| Total Depreciation Expense | \$1,635,118 |

Note 9 – Inter-fund Transactions

As of June 30, 2004, on the fund financial statements, the Consortium fund owed the General Fund \$572,615.

During the year ended June 30, 2004, the General Fund transferred \$264,046 to Other Non-major Governmental Funds. The transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2004, the School District contracted with Indiana Insurance for property, general liability insurance and boiler and machinery coverage in the amounts of \$55,822,362, \$2,000,000, and \$30,000,000 respectively. The deductible varies from \$1,000 to \$5,000.

Umbrella Liability insurance and Excess Umbrella Liability insurance are covered by Indiana Insurance and Crum & Forster with a \$10,000,000 single occurrence limit on both policies and no deductibles unless a claim doesn't fall under an underlying policy which would create the need for a \$10,000 self insured retainer. Vehicles are also covered

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

by Indiana Insurance and have a \$1,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit, \$5,000 medical payments, and \$50,000 uninsured motorists. Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District contracted with Fidelity and Deposit Company for public employee dishonesty coverage, with a \$250,000 limit and a \$250 deductible.

B. Worker's Compensation

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

C. Employee Medical Benefits

The School District provides employee medical, surgical, prescription drug and dental coverage through Medical Mutual.

The School District is self insured for vision claims of District employees and their covered dependents. Under the program, the School District is obligated for claim payments. During fiscal year 2004, total claims expense of \$88,632 was recognized, which represents actual claims processed and paid as of June 30, 2004. Individual funds are charged for medical expenses based on an estimate of total cost for the School District as prepared by the plan administrator, and are recorded as revenues of the Internal Service Fund. Changes for the aggregate liability for claims for the current and past fiscal years are as follows:

| | <u>Beginning Balance</u> | <u>Claims Incurred</u> | <u>Claims Paid</u> | <u>Ending Balance</u> |
|------|------------------------------|----------------------------|--------------------|---------------------------|
| 2002 | \$0 | \$81,258 | \$81,258 | \$0 |
| 2003 | \$0 | \$86,955 | \$86,955 | \$0 |
| 2004 | \$0 | \$88,632 | \$88,632 | \$0 |

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

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 \$599,637, \$531,459 and \$252,281 respectively; 57 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% 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

Beachwood City School District
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For the Fiscal Year Ended June 30, 2004

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

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

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,726,953, \$1,691,331, and \$1,160,750 respectively; 85 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 \$20,550.97 made by the School District and \$38,750.82 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System of the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2004, two members of the Board of Education have selected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 – Post-employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the State 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 funded on a pay-as-you-go basis.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the Fiscal Year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$132,843 during the 2004 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, the balance in the Fund was \$3.1 billion. For the year ended June 30, 2003, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, 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 this fiscal year 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 has been established at \$25,400.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million.

At June 30, 2004 SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$408,264 during the 2004 fiscal year.

Note 13 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per year, depending upon length of service. Vacation days are credited to classified employees as earned, and must be used within the next 24 months. Accumulated unused vacation time is paid to classified employees upon termination of employment up to a maximum of

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

forty days. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement at rates ranging from 30% to 36% depending on an employee's classification. Certain employees with sick time balances exceeding 250 days shall receive 1/12 of the total accumulated days over 250 according to the negotiated agreement. The number of unused sick days which can accumulate is restricted for certain employees.

B. Health Care Benefits

The School District provides employee medical, surgical, prescription drug and dental coverage through Medical Mutual. The School District is self-insured for vision claims of District employees and their covered dependents.

Note 14 – Long-Term Obligations

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

| | Principal Outstanding 06/30/03 | Additions | Reduction | Principal Outstanding 06/30/04 | Amounts Due in One Year |
|---|--------------------------------------|------------------|--------------------|--------------------------------------|-------------------------------|
| Governmental Activities | | | | | |
| Long-Term Notes Payable | | | | | |
| 2000 Tax Anticipation Notes 4.8%- 5.3% | 5,125,000 | 0 | 535,000 | 4,590,000 | 565,000 |
| Total Long-Term Notes Payable | <u>\$5,125,000</u> | <u>\$ 0</u> | <u>\$535,000</u> | <u>\$4,590,000</u> | <u>\$565,000</u> |
| General Obligation Bonds | | | | | |
| 1997 Bus Financing Pool 5.0%-5.84% | \$75,000 | \$0 | \$45,000 | \$30,000 | \$30,000 |
| 2002 School Improvement Premium | 478,244 | 0 | 25,171 | 453,073 | 25,171 |
| 2002 Unamortized Accounting Gain | 185,213 | 0 | 9,261 | 175,952 | 9,261 |
| 2002 School Improvement 2.0%- 5.25% | 18,629,769 | 0 | 1,325,739 | 17,304,030 | 1,410,739 |
| Total General Obligation Bonds | <u>\$19,368,226</u> | <u>\$ 0</u> | <u>\$1,405,171</u> | <u>\$17,963,055</u> | <u>\$1,475,171</u> |
| Capital Lease | \$539,556 | \$583,198 | \$654,526 | \$468,228 | \$254,064 |
| Compensated Absences Payable | 2,973,100 | 0 | 110,566 | 2,862,534 | 223,764 |
| Total Governmental Long-Term Liabilities | <u>\$3,512,656</u> | <u>\$583,198</u> | <u>\$765,092</u> | <u>\$3,330,762</u> | <u>\$477,828</u> |
| Total Long-Term Liabilities | <u>\$28,005,882</u> | <u>\$583,198</u> | <u>\$2,705,263</u> | <u>\$25,883,817</u> | <u>\$2,517,999</u> |

Beachwood City School District
Notes to the Basic Financial Statements
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Long-Term Tax Anticipation Notes In February, 1998, the School District issued \$1,600,000 tax anticipation notes with an interest rate of 3.85%, maturity date on December 1, 2002. On June 29, 2000, the School District issued \$ 6,000,000, 4.8%-5.3% tax anticipation notes maturing on December 1, 2010. These tax anticipation notes were issued to fund various school improvements and will be paid from property taxes.

General Obligation Bonds The School District issued \$448,000, 5.0-5.84 percent general obligation bonds maturing on April 15, 2005 for the purpose of bus financing pool. On May 1, 1991, the School District issued \$6,000,000 general obligation bonds with an interest rate of 4.8-7.05 percent, maturity date on December 1, 2006 for the purpose of school improvement. These bonds were advanced refunded and re-issued along with the new general obligation bonds that were issued on November 1, 2002. The District issued \$18,814,982 general obligation bonds with an interest rate of 2.0-5.25%, maturity date December 1, 2022. A portion of the general obligation bond proceeds were used to refund \$3,065,000 of the 1991 various improvement bonds.

All bonds outstanding are general obligation of the District for which the full faith and credit of the District are pledged for repayment. General obligation bonds are to be repaid from a current 3.0 mill bonded-debt tax levy. Tax monies will be received in and the debt will be repaid from the Debt Service Fund.

Capital Leases During fiscal year 2003, the District entered into a capital lease for computers in the amount of \$214,273 at an interest rate of 6.11%. During fiscal year 2004, the District entered into a capital lease for computers in the amount of \$531,705 at an interest rate of 5.33%. The District paid \$218,622 during 2004 for the computer lease, which included \$205,068 in principal. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date as capital assets in the governmental activities of the statement of net assets. The capital lease will be repaid from the Building fund.

The following summarizes the future minimum lease obligations, the net present value of these minimum lease payments, cost and accumulated depreciation of assets acquired through capital leases as of June 30, 2004.

| Fiscal Year Beginning June 30 | Governmental Activities | | |
|-----------------------------------|-------------------------|------------------|------------------|
| | General Fund | Building | Total |
| 2005 | \$69,504 | \$193,262 | \$262,766 |
| 2006 | 21,427 | 193,262 | 214,689 |
| Total Minimum Lease Payments | \$90,931 | \$386,524 | \$477,455 |
| Less Amount Representing Interest | (1,267) | (7,960) | (9,227) |
| Present Value of Lease Payments | <u>\$89,664</u> | <u>\$378,564</u> | <u>\$468,228</u> |
| Capital Assets at Cost: | \$214,273 | \$583,199 | \$797,472 |
| Less: Accumulated Depreciation | (85,709) | (116,640) | (202,349) |
| Net Book Value | <u>\$128,564</u> | <u>\$466,559</u> | <u>\$595,123</u> |

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Premium Bonds will be amortized over twenty years. Compensated absences will be paid from the funds from which the employee's salaries are paid.

The School District's overall voted debt margin was \$50,452,410 with an unvoted debt margin of \$755,138 at June 30, 2004.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2004, were as follows:

| Fiscal Year Ending June 30, 2004 | Long-Term Notes Payable | | General Obligation Bonds | | Capital Lease | | Total | |
|--|----------------------------|------------------|-----------------------------|--------------------|------------------|----------------|---------------------|--------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2005 | \$565,000 | \$222,715 | \$1,450,000 | \$656,250 | \$254,064 | \$8,702 | \$2,269,064 | \$887,667 |
| 2006 | 590,000 | 193,693 | 1,460,000 | 620,610 | 214,164 | 525 | 2,264,164 | 814,828 |
| 2007 | 620,000 | 162,985 | 1,239,998 | 846,677 | | | 1,859,998 | 1,009,662 |
| 2008 | 650,000 | 130,438 | 399,984 | 833,816 | | | 1,049,984 | 964,254 |
| 2009 | 685,000 | 95,890 | 645,000 | 579,124 | | | 1,330,000 | 675,014 |
| 2010-2014 | 1,480,000 | 79,320 | 3,575,000 | 2,539,147 | | | 5,055,000 | 2,618,467 |
| 2015-2022 | 0 | 0 | 8,740,000 | 2,217,688 | | | 8,740,000 | 2,217,688 |
| Total | <u>\$4,590,000</u> | <u>\$885,041</u> | <u>\$17,509,982</u> | <u>\$8,293,312</u> | <u>\$468,228</u> | <u>\$9,227</u> | <u>\$22,568,210</u> | <u>\$9,187,580</u> |

Note 15 - 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the year-end set-aside amounts for textbooks, capital improvements, and budget stabilization during fiscal year 2003. Disclosure of this information is required by State Statute.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

| | <u>Textbooks</u> | <u>Capital Improvements</u> | <u>Budget Stabilization</u> |
|--|----------------------|---------------------------------|---------------------------------|
| Set-aside Reserve Balances as of June 30, 2003 | \$0 | \$0 | \$134,873 |
| Set-aside Balance Carried Forward | (1,184,615) | 0 | 0 |
| Current Year Set-Aside Requirement | 126,305 | 126,305 | 0 |
| Qualifying Disbursement | <u>(502,049)</u> | <u>(7,087,056)</u> | <u>0</u> |
| Total | <u>(\$1,560,359)</u> | <u>(\$6,960,751)</u> | <u>\$134,873</u> |
| Set-aside Balance Carried Forward to future fiscal years | <u>(\$1,560,359)</u> | <u>\$0</u> | <u>\$0</u> |
| Set-aside Reserve Balance as of June 30, 2004 | <u>\$0</u> | <u>\$0</u> | <u>\$134,873</u> |

The School District had qualifying expenditures during the year that reduced the textbooks and/or capital improvements set aside amounts below zero; The textbook negative amount may be used to reduce the set-aside requirements in future fiscal years. The Capital Improvement negative amount may not be used to reduce the set-aside requirement of future years and is, therefore, not presented as being carried forward to future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$134,873.

Note 16 – Jointly Governed Organizations

Ohio Schools' Council Association - The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two 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 \$738,151 to the Council. Financial information can be obtained by contacting Dave Cotrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electricity 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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

prepayment related to the participation 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 committed 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 contribution to the operating fund which are not encumbered for its share of program administrative costs.

Lake Geauga Computer Association - The Lake Geauga Computer Association ("LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$58,124 to LGCA during fiscal year 2004.

The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

Note 17 - School Foundation Program

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 its future State funding and on its financial operations.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 18 - Contingencies

A. Grants

The School District receives financial assistance from numerous federal, state, and local agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

B. Litigation

The School District was named as a defendant in several court cases during the period ended June 30, 2004. Management does not believe that the ultimate resolution of those cases will have a material impact on the financial statements of the School District and further that the School District has adequate insurance coverage to protect itself against any material loss.

Note 19 – Contractual Commitment

The District had the following significant contractual commitments as of June 30, 2004:

| <u>Project</u> | <u>Contract Amount</u> | <u>Contract Payment</u> | <u>Remaining</u> |
|-------------------------|----------------------------|-----------------------------|------------------|
| Middle School | \$314,525 | (\$12,123) | \$302,402 |
| High School Renovations | 808,545 | (685,650) | 122,895 |
| Total | <u>\$1,123,070</u> | <u>(\$697,773)</u> | <u>\$425,297</u> |

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Capital Projects Fund

Capital projects funds are used to account for the acquisition or construction of major capital facilities.

School Net – This fund is used to account for monies received by the State of Ohio for the purpose of purchasing computers for grades K-4.

Nonmajor Special Revenue Funds

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

Food Service - This fund accounts for the financial transactions to the food service operation of the District.

Expendable Trust - This fund is used to account for assets held by a governmental unit in a trustee capacity as an agent for individuals, private organizations or other governmental units with specific trust agreements as to how the fund will be disbursed.

Uniform School Supplies – This fund accounts for the purchase and sale of school supplies, materials or other school related items above the items provided for general instruction, paid for by students.

Adult Education - This fund accounts for the financial transactions of adult education classes provided by the District.

Recreation - This fund accounts for revenues and expenses in connection with a community recreation program.

Pupil Support - This fund is used for the general support of the school building, staff, and students.

Miscellaneous Local Grants - These funds are used to develop a Business/Education Partnership program to serve a consortium of eight suburban school districts, and to encourage students to become interested in the teaching profession funds provided by the Board of Education to develop a program for employees to improve the quality of work-life within the District.

Preschool - This fund accounts for the revenues and expenses of full and half-day services to children ages 2-5.

District Managed Student Activities - This Fund accounts for revenues from athletic events and all costs (except supplemental coaching contracts) of the District's athletic programs.

Auxiliary Services - This fund accounts for State funds for the purchase of science and math materials as well as psychological and other supplemental services at the private schools (Agnon, Yavne and Pardes) within the District.

Management Information Systems – These funds are provided by the State of Ohio to be used solely for costs associated with the requirements of the education management information system required by Senate Bill 140.

Entry Year Teacher Grant – These funds are provided by the State to be used to implement entry-year programs.

Nonmajor Special Revenue Funds (continued)

One Net – This fund accounts for money appropriated for Ohio Educational Computer Network Connections.

School Net Professional Development – These funds are used to account for professional development activities related to school net.

Student Reading Intervention Grant – this fund is used to account for monies spent to improve reading outcomes in grades one through four.

Miscellaneous State Grants – This fund accounts for various monies received from state agencies which are not classified elsewhere.

IDEA B - The purpose of this federal program is 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 through secondary levels.

Title V - This Fund accounts for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

Emergency Immigrant Education - This fund is to account for money used to educate immigrant children enrolled at Beachwood.

Title I – The purpose of this fund is to provide financial assistance to State and Local educational agencies to meet the special needs of educationally deprived children.

Drug Free Education - This fund accounts for Federal revenues to implement programs to educate and encourage students to live lives free of drug dependency.

Preschool Handicapped - This fund accounts for the federal revenues which addresses the improvement and expansion of services for handicapped children ages three through five years.

Local Professional Development Grant – These monies are used for Local Professional Development Activities.

Title II-A - The purpose of this fund is to hire additional classroom teachers in grades 1 through 3.

Title II-D – The purpose of this fund is to provide educational technology.

Nonmajor Proprietary Fund

Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as internal service funds.

Internal Service Fund

The Internal Service Fund is used to account for the financing of services provided by one department to other departments of the government or to other Districts on a cost reimbursement basis.

Health Care Benefits – This fund is used to account for receipt and expenditure of funds for vision claims for employees.

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Beachwood City Schools
Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

| | Nonmajor Capital Projects | Nonmajor Special Revenue | Total |
|---|--|---|-------------------|
| ASSETS: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,243 | \$ 285,988 | \$ 287,231 |
| Materials and Supplies Inventory | | 7,847 | 7,847 |
| Accounts Receivable | | 376 | 376 |
| <i>Total Assets</i> | <u>\$ 1,243</u> | <u>\$ 294,211</u> | <u>\$ 295,454</u> |
| LIABILITIES: | | | |
| Accounts Payable | 0 | 4,049 | 4,049 |
| Accrued Wages and Benefits | 0 | 64,186 | 64,186 |
| Intergovernmental Payable | 0 | 21,833 | 21,833 |
| Undistributed Monies | 0 | 9,630 | 9,630 |
| Deferred Revenue | 0 | 1,900 | 1,900 |
| <i>Total Liabilities</i> | <u>0</u> | <u>101,598</u> | <u>101,598</u> |
| Equity: | | | |
| FUND BALANCES: | | | |
| Reserved: | | | |
| Reserved for Encumbrances | 0 | 14,986 | 14,986 |
| Unreserved, Undesignated, Reported in: | | | |
| Special Revenue Funds | 0 | 177,627 | 177,627 |
| Capital Projects Funds | 1,243 | 0 | 1,243 |
| <i>Total Fund Balances</i> | <u>1,243</u> | <u>192,613</u> | <u>193,856</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 1,243</u> | <u>\$ 294,211</u> | <u>\$ 295,454</u> |

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

| | <u>Nonmajor Capital Projects</u> | <u>Nonmajor Special Revenue</u> | <u>Total Nonmajor Governmental Funds</u> |
|---|--------------------------------------|---|--|
| REVENUES: | | | |
| Intergovernmental | \$0 | \$ 611,303 | \$ 611,303 |
| Interest | | 678 | 678 |
| Tuition and Fees | | 442,821 | 442,821 |
| Extracurricular Activities | | 65,367 | 65,367 |
| Gifts and Donations | | 41,962 | 41,962 |
| Customer Sales and Services | | 532,050 | 532,050 |
| <i>Total Revenues</i> | <u>0</u> | <u>1,694,181</u> | <u>1,694,181</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | | 25,490 | 25,490 |
| Special | | 137,108 | 137,108 |
| Vocational | | 1,012 | 1,012 |
| Adult/Continuing | | 222,039 | 222,039 |
| Other | | 403,387 | 403,387 |
| Support Services: | | | |
| Pupils | | 181,219 | 181,219 |
| Instructional Staff | | 54,618 | 54,618 |
| Administration | | 6,965 | 6,965 |
| Fiscal | | 2,707 | 2,707 |
| Business | | 2 | 2 |
| Pupil Transportation | | 1,578 | 1,578 |
| Central | 23,719 | 19,745 | 43,464 |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | | 431,812 | 431,812 |
| Community Services | | 201,584 | 201,584 |
| Extracurricular Activities | | 162,517 | 162,517 |
| <i>Total Expenditures</i> | <u>23,719</u> | <u>1,851,783</u> | <u>1,875,502</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(23,719)</u> | <u>(157,602)</u> | <u>(181,321)</u> |
| OTHER FINANCING SOURCES AND USES: | | | |
| Transfers In | 0 | 264,046 | 264,046 |
| Refund of Prior Year Expenditures | 0 | 1,399 | 1,399 |
| Transfers Out | 0 | (6,663) | (6,663) |
| Refund of Prior Year Receipts | 0 | (13,930) | (13,930) |
| <i>Total Other Financing Sources and Uses</i> | <u>0</u> | <u>244,852</u> | <u>244,852</u> |
| <i>Net Change in Fund Balances</i> | (23,719) | 87,250 | 63,531 |
| <i>Fund Balance (Deficit) at Beginning of Year</i> | <u>24,962</u> | <u>105,363</u> | <u>130,325</u> |
| <i>Fund Balance (Deficit) at End of Year</i> | <u>\$ 1,243</u> | <u>\$ 192,613</u> | <u>\$ 193,856</u> |

Beachwood City Schools
Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

| | School Net | Total Nonmajor Capital Projects |
|--|-------------------|--|
| ASSETS: | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,243 | \$ 1,243 |
| <i>Total Assets</i> | \$ 1,243 | \$ 1,243 |
| Equity: | | |
| FUND BALANCES: | | |
| Unreserved, Undesignated, Reported in: | | |
| Capital Projects Funds | 1,243 | 1,243 |
| <i>Total Fund Balances</i> | 1,243 | 1,243 |
| <i>Total Liabilities and Fund Balances</i> | \$ 1,243 | \$ 1,243 |

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

| | <u>School Net</u> | <u>Total Nonmajor Capital Projects Fund</u> |
|---|-------------------|---|
| EXPENDITURES: | | |
| Central | <u>\$23,719</u> | <u>\$23,719</u> |
| <i>Total Expenditures</i> | <u>23,719</u> | <u>23,719</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(23,719)</u> | <u>(23,719)</u> |
| <i>Net Change in Fund Balances</i> | <u>(23,719)</u> | <u>(23,719)</u> |
| <i>Fund Balance (Deficit) at Beginning of Year</i> | <u>24,962</u> | <u>24,962</u> |
| <i>Fund Balance (Deficit) at End of Year</i> | <u>\$ 1,243</u> | <u>\$ 1,243</u> |

Beachwood City Schools
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

| | <u>Food Service</u> | <u>Expendable Trust Funds</u> | <u>Uniform Supplies</u> | <u>Adult Education</u> | <u>Recreation</u> |
|--|---------------------|-----------------------------------|-----------------------------|----------------------------|-------------------|
| ASSETS: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$6,242 | \$12,440 | \$1,493 | \$2,488 | \$69,342 |
| Materials and Supplies Inventory | 7,847 | | | | |
| Accounts Receivable | | | | | |
| <i>Total Assets</i> | <u>\$14,089</u> | <u>\$12,440</u> | <u>\$1,493</u> | <u>\$2,488</u> | <u>\$69,342</u> |
| LIABILITIES: | | | | | |
| Accounts Payable | | | | | 627 |
| Accrued Wages and Benefits | 21,975 | | | | 0 |
| Intergovernmental Payable | 4,188 | | | | 1,858 |
| Undistributed Monies | | 9,630 | | | |
| Deferred Revenue | 1,900 | | | | |
| <i>Total Liabilities</i> | <u>28,063</u> | <u>9,630</u> | <u>0</u> | <u>0</u> | <u>2,485</u> |
| Equity: | | | | | |
| FUND BALANCES: | | | | | |
| Reserved: | | | | | |
| Reserved for Encumbrances | | | | | 624 |
| Unreserved, Undesignated, Reported in: | | | | | |
| Special Revenue Funds | (13,974) | 2,810 | 1,493 | 2,488 | 66,233 |
| <i>Total Fund Balances</i> | <u>(13,974)</u> | <u>2,810</u> | <u>1,493</u> | <u>2,488</u> | <u>66,857</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$14,089</u> | <u>\$12,440</u> | <u>\$1,493</u> | <u>\$2,488</u> | <u>\$69,342</u> |

(continued)

| <u>Pupil Support</u> | <u>Misc. Local Grants</u> | <u>Preschool</u> | <u>District Managed Student Activities</u> | <u>Auxiliary Services</u> | <u>Management Information Systems</u> | <u>Entry Year Grant</u> | <u>One Net</u> |
|----------------------|---------------------------|-------------------------|--|---------------------------|---------------------------------------|-------------------------|----------------|
| \$48,224 | \$24,126 | \$52,197 | \$6,704 | \$30,088 | \$11,645 | \$12 | \$0 |
| | | 376 | | | | | |
| <u>\$48,224</u> | <u>\$24,126</u> | <u>\$52,573</u> | <u>\$6,704</u> | <u>\$30,088</u> | <u>\$11,645</u> | <u>\$12</u> | <u>\$0</u> |
| 478 | | 117 19,867 12,661 | | 1,547 5,854 800 | | | |
| <u>478</u> | <u>0</u> | <u>32,645</u> | <u>0</u> | <u>8,201</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 3,847 | | 1,452 | 1,022 | 1,039 | | | |
| <u>43,899</u> | <u>24,126</u> | <u>18,476</u> | <u>5,682</u> | <u>20,848</u> | <u>11,645</u> | <u>12</u> | <u>0</u> |
| <u>47,746</u> | <u>24,126</u> | <u>19,928</u> | <u>6,704</u> | <u>21,887</u> | <u>11,645</u> | <u>12</u> | <u>0</u> |
| <u>\$48,224</u> | <u>\$24,126</u> | <u>\$52,573</u> | <u>\$6,704</u> | <u>\$30,088</u> | <u>\$11,645</u> | <u>\$12</u> | <u>\$0</u> |

(continued)

Beachwood City Schools
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

| | School Net Professional Development | Student Reading Intervention Grant | Miscellaneous State Grants | IDEA B | Immigrant Education |
|---|--|---|---------------------------------------|----------------|--------------------------------|
| ASSETS: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$669 | \$329 | | \$3,895 | |
| Materials and Supplies Inventory | | | | | |
| Accounts Receivable | | | | | |
| <i>Total Assets</i> | <u>\$669</u> | <u>\$329</u> | <u>\$0</u> | <u>\$3,895</u> | <u>\$0</u> |
| LIABILITIES: | | | | | |
| Accounts Payable | | | | | |
| Accrued Wages and Benefits | | 3,058 | | 2,649 | |
| Intergovernmental Payable | | | | 1,366 | |
| Undistributed Monies | | | | | |
| Deferred Revenue | | | | | |
| <i>Total Liabilities</i> | <u>0</u> | <u>3,058</u> | <u>0</u> | <u>4,015</u> | <u>0</u> |
| Equity: | | | | | |
| FUND BALANCES: | | | | | |
| Reserved: | | | | | |
| Reserved for Encumbrances | | | | 2,500 | |
| Unreserved, Undesignated, Reported in: | | | | | |
| Special Revenue Funds | 669 | (2,729) | 0 | (2,620) | 0 |
| <i>Total Fund Balances</i> | <u>669</u> | <u>(2,729)</u> | <u>0</u> | <u>(120)</u> | <u>0</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$669</u> | <u>\$329</u> | <u>\$0</u> | <u>\$3,895</u> | <u>\$0</u> |

(continued)

| <u>Title I</u> | <u>Title V</u> | <u>Drug Free Education (Title IV-A)</u> | <u>Preschool Handicapped Grant</u> | <u>Local Professional Development Committee</u> | <u>Title II-A</u> | <u>Title II-D</u> | <u>Total Nonmajor Special Revenue</u> |
|-----------------|----------------|---|------------------------------------|---|-------------------|-------------------|---------------------------------------|
| \$11,091 | | \$802 | | | \$3,840 | \$361 | \$285,988 |
| | | | | | | | 7,847 |
| | | | | | | | 376 |
| <u>\$11,091</u> | <u>\$0</u> | <u>\$802</u> | <u>\$0</u> | <u>\$0</u> | <u>\$3,840</u> | <u>\$361</u> | <u>\$294,211</u> |
| 7,612 | | 526 | | | 3,925 | | 2,769 |
| 960 | | | | | | | 65,466 |
| | | | | | | | 21,833 |
| | | | | | | | 9,630 |
| | | | | | | | 1,900 |
| <u>8,572</u> | <u>0</u> | <u>526</u> | <u>0</u> | <u>0</u> | <u>3,925</u> | <u>0</u> | <u>101,598</u> |
| 3,854 | | 287 | | | | 361 | 14,986 |
| <u>(1,335)</u> | <u>0</u> | <u>(11)</u> | <u>0</u> | <u>0</u> | <u>(85)</u> | | <u>177,627</u> |
| <u>2,519</u> | <u>0</u> | <u>276</u> | <u>0</u> | <u>0</u> | <u>(85)</u> | <u>361</u> | <u>192,613</u> |
| <u>\$11,091</u> | <u>\$0</u> | <u>\$802</u> | <u>\$0</u> | <u>\$0</u> | <u>\$3,840</u> | <u>\$361</u> | <u>\$294,211</u> |

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

| | <u>Food Service</u> | <u>Expendable Trust Funds</u> | <u>Uniform Supplies</u> | <u>Adult Education</u> | <u>Recreation</u> |
|---|---------------------|-----------------------------------|-----------------------------|----------------------------|-------------------|
| REVENUES: | | | | | |
| Intergovernmental | \$22,394 | \$0 | \$0 | \$0 | \$0 |
| Interest | 204 | 24 | | | |
| Tuition and Fees | | | | | |
| Extracurricular Activities | | | | | |
| Gifts and Donations | | 418 | | | |
| Customer Sales and Services | 303,673 | 41,711 | | | 174,026 |
| <i>Total Revenues</i> | <u>326,271</u> | <u>42,153</u> | <u>0</u> | <u>0</u> | <u>174,026</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | | | | | |
| Special | | | | | |
| Vocational | | | | 1,012 | |
| Adult/Continuing | | | | | 222,039 |
| Other | | | | | |
| Support Services: | | | | | |
| Pupils | | 42,105 | | | |
| Instructional Staff | | | | | |
| Administration | | | | | |
| Fiscal | | 2,707 | | | |
| Business | | | | | |
| Pupil Transportation | | | | | |
| Central | | | | | |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 431,812 | | | | |
| Community Services | | | | | |
| Extracurricular Activities | | | | | |
| <i>Total Expenditures</i> | <u>431,812</u> | <u>44,812</u> | <u>0</u> | <u>1,012</u> | <u>222,039</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(105,541)</u> | <u>(2,659)</u> | <u>0</u> | <u>(1,012)</u> | <u>(48,013)</u> |
| OTHER FINANCING SOURCES AND USES: | | | | | |
| Transfers In | 115,000 | | | | 6,200 |
| Refund of Prior Year Expenditures | | | | | |
| Transfers Out | | (6,663) | | | |
| Refund of Prior Year Receipts | | | | | |
| <i>Total Other Financing Sources and Uses</i> | <u>115,000</u> | <u>(6,663)</u> | <u>0</u> | <u>0</u> | <u>6,200</u> |
| <i>Net Change in Fund Balances</i> | 9,459 | (9,322) | 0 | (1,012) | (41,813) |
| <i>Fund Balance (Deficit) at Beginning of Year</i> | <u>(23,433)</u> | <u>12,132</u> | <u>1,493</u> | <u>3,500</u> | <u>108,670</u> |
| <i>Fund Balance (Deficit) at End of Year</i> | <u>(\$13,974)</u> | <u>\$2,810</u> | <u>\$1,493</u> | <u>\$2,488</u> | <u>\$66,857</u> |

(continued)

| <u>Pupil Support</u> | <u>Misc. Local Grants</u> | <u>Preschool</u> | <u>District Managed Student Activities</u> | <u>Auxiliary Services</u> | <u>Management Information Systems</u> | <u>Entry Year Grant</u> |
|----------------------|---------------------------|------------------|--|---------------------------|---------------------------------------|-------------------------|
| \$0 | \$0 | \$0 | \$0 | \$223,639 | \$5,854 | \$0 |
| | | 442,821 | | 450 | | |
| 41,544 | | | 65,367 | | | |
| 2,115 | 10,000 | 525 | | | | |
| <u>43,659</u> | <u>10,000</u> | <u>443,346</u> | <u>65,367</u> | <u>224,089</u> | <u>5,854</u> | <u>0</u> |
| 23,448 | 259 | | | | | |
| | | 403,387 | | | | |
| | | | 162,517 | 201,584 | | |
| <u>23,448</u> | <u>259</u> | <u>403,387</u> | <u>162,517</u> | <u>201,584</u> | | |
| <u>20,211</u> | <u>9,741</u> | <u>39,959</u> | <u>(97,150)</u> | <u>22,505</u> | <u>5,854</u> | <u>0</u> |
| | | 50,000 | 92,846 | | | |
| | | | 1,399 | | | |
| | | | | (7,843) | | |
| <u>0</u> | <u>0</u> | <u>50,000</u> | <u>94,245</u> | <u>(7,843)</u> | <u>0</u> | <u>0</u> |
| 20,211 | 9,741 | 89,959 | (2,905) | 14,662 | 5,854 | 0 |
| <u>27,535</u> | <u>14,385</u> | <u>(70,031)</u> | <u>9,609</u> | <u>7,225</u> | <u>5,791</u> | <u>12</u> |
| <u>\$47,746</u> | <u>\$24,126</u> | <u>\$19,928</u> | <u>\$6,704</u> | <u>\$21,887</u> | <u>\$11,645</u> | <u>\$12</u> |

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

| | <u>One Net</u> | <u>School Net Professional Development</u> | <u>Student Reading Intervention Grant</u> | <u>Miscellaneous State Grants</u> | <u>IDEA B</u> |
|---|----------------|--|---|---------------------------------------|----------------|
| REVENUES: | | | | | |
| Intergovernmental | \$15,000 | \$4,140 | \$16,582 | \$0 | \$203,747 |
| Interest | | | | | |
| Tuition and Fees | | | | | |
| Extracurricular Activities | | | | | |
| Gifts and Donations | | | | | |
| Customer Sales and Services | | | | | |
| <i>Total Revenues</i> | <u>15,000</u> | <u>4,140</u> | <u>16,582</u> | <u>0</u> | <u>203,747</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | | | 1,783 | | |
| Special | | | 15,950 | | 30,457 |
| Vocational | | | | | |
| Adult/Continuing | | | | | |
| Other | | | | | |
| Support Services: | | | | | |
| Pupils | | | | | 134,746 |
| Instructional Staff | | | | | 30,318 |
| Administration | | | | | 6,965 |
| Fiscal | | | | | |
| Business | | | | 2 | |
| Pupil Transportation | | | 1,578 | | |
| Central | 15,000 | 3,471 | | | |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | | | | | |
| Community Services | | | | | |
| Extracurricular Activities | | | | | |
| <i>Total Expenditures</i> | <u>15,000</u> | <u>3,471</u> | <u>19,311</u> | <u>2</u> | <u>202,486</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>0</u> | <u>669</u> | <u>(2,729)</u> | <u>(2)</u> | <u>1,261</u> |
| OTHER FINANCING SOURCES AND USES: | | | | | |
| Transfers In | | | | | |
| Refund of Prior Year Expenditures | | | | | |
| Transfers Out | | | | | |
| Refund of Prior Year Receipts | | | | | |
| <i>Total Other Financing Sources and Uses</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balances</i> | 0 | 669 | (2,729) | (2) | 1,261 |
| <i>Fund Balance (Deficit) at Beginning of Year</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2</u> | <u>(1,381)</u> |
| <i>Fund Balance (Deficit) at End of Year</i> | <u>\$0</u> | <u>\$669</u> | <u>(\$2,729)</u> | <u>\$0</u> | <u>(\$120)</u> |

(continued)

| <u>Immigrant Education</u> | <u>Title I</u> | <u>Title V</u> | <u>Drug Free Education (Title IV-A)</u> | <u>Preschool Handicapped Grant</u> | <u>Local Professional Development Committee</u> | <u>Title II-A</u> |
|----------------------------|----------------|----------------|---|------------------------------------|---|-------------------|
| \$1,266 | \$62,766 | \$9,927 | \$4,198 | \$9,739 | \$0 | \$30,352 |
| <u>1,266</u> | <u>62,766</u> | <u>9,927</u> | <u>4,198</u> | <u>9,739</u> | <u>0</u> | <u>30,352</u> |
| 1,266 | 45,463 | 9,927 | | | | 34,045 |
| | 14,784 | | 4,081 | 9,739 | | |
| <u>1,266</u> | <u>60,247</u> | <u>9,927</u> | <u>4,081</u> | <u>9,739</u> | | <u>34,045</u> |
| <u>0</u> | <u>2,519</u> | <u>0</u> | <u>117</u> | <u>0</u> | <u>0</u> | <u>(3,693)</u> |
| | | (116) | (48) | 0 | (5,923) | |
| <u>0</u> | <u>0</u> | <u>(116)</u> | <u>(48)</u> | <u>0</u> | <u>(5,923)</u> | <u>0</u> |
| 0 | 2,519 | (116) | 69 | 0 | (5,923) | (3,693) |
| <u>0</u> | <u>0</u> | <u>116</u> | <u>207</u> | <u>0</u> | <u>5,923</u> | <u>3,608</u> |
| <u>\$0</u> | <u>\$2,519</u> | <u>\$0</u> | <u>\$276</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$85)</u> |

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

| | <u>Title II-D</u> | <u>Total Nonmajor Special Revenue</u> |
|---|-------------------|---|
| REVENUES: | | |
| Intergovernmental | \$1,699 | \$611,303 |
| Interest | | 678 |
| Tuition and Fees | | 442,821 |
| Extracurricular Activities | | 65,367 |
| Gifts and Donations | | 41,962 |
| Customer Sales and Services | | 532,050 |
| | <u>1,699</u> | <u>1,694,181</u> |
| <i>Total Revenues</i> | | |
| EXPENDITURES: | | |
| Current: | | |
| Instruction: | | |
| Regular | | 25,490 |
| Special | | 137,108 |
| Vocational | | 1,012 |
| Adult/Continuing | | 222,039 |
| Other | | 403,387 |
| Support Services: | | |
| Pupils | | 180,932 |
| Instructional Staff | 64 | 54,905 |
| Administration | | 6,965 |
| Fiscal | | 2,707 |
| Business | | 2 |
| Pupil Transportation | | 1,578 |
| Central | 1,274 | 19,745 |
| Operation of Non-Instructional Services: | | |
| Food Service Operations | | 431,812 |
| Community Services | | 201,584 |
| Extracurricular Activities | | 162,517 |
| | <u>1,338</u> | <u>1,851,783</u> |
| <i>Total Expenditures</i> | | |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>361</u> | <u>(157,602)</u> |
| OTHER FINANCING SOURCES AND USES: | | |
| Transfers In | | 264,046 |
| Refund of Prior Year Expenditures | | 1,399 |
| Transfers Out | | (6,663) |
| Refund of Prior Year Receipts | | (13,930) |
| | <u>0</u> | <u>244,852</u> |
| <i>Total Other Financing Sources and Uses</i> | | |
| <i>Net Change in Fund Balances</i> | 361 | 87,250 |
| <i>Fund Balance (Deficit) at Beginning of Year</i> | <u>0</u> | <u>105,363</u> |
| <i>Fund Balance (Deficit) at End of Year</i> | <u>\$361</u> | <u>\$192,613</u> |

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FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets when a governmental unit is functioning either as a trustee or an agent for another party. Because the governmental unit is functioning in a fiduciary capacity, the authority to employ, dispose of, or otherwise use the assets is determined not by a legislative body or oversight board but by the public laws and private agreements that create the agency relationship.

Agency Funds:

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

Retirement – this fund accounts for the difference between retirement paid to the state retirement systems and the actual amount due to the retirement system. This fund also accounts for any provisions of an early retirement incentive.

Beachwood City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2004

| | Begin Balance July 1, 2003 | Additions | Deductions | Ending Balance June 30, 2004 |
|--|-------------------------------|--------------------|--------------------|---------------------------------|
| <u>Student Activities Fund</u> | | | | |
| Assets | | | | |
| Equity in pooled cash and cash equivalents | \$49,257 | \$79,378 | \$74,209 | \$54,426 |
| Total assets | <u>49,257</u> | <u>79,378</u> | <u>74,209</u> | <u>54,426</u> |
| Liabilities | | | | |
| Due to students | 49,257 | 79,378 | 74,209 | 54,426 |
| Total liabilities | <u>49,257</u> | <u>79,378</u> | <u>74,209</u> | <u>54,426</u> |
| <u>Retirement Fund</u> | | | | |
| Assets | | | | |
| Equity in pooled cash and cash equivalents | \$670,338 | \$2,983,624 | \$2,909,786 | \$744,176 |
| Total assets | <u>670,338</u> | <u>2,983,624</u> | <u>2,909,786</u> | <u>744,176</u> |
| Liabilities | | | | |
| Accrued wages and benefits | 670,338 | 2,983,624 | 2,909,786 | 744,176 |
| Total liabilities | <u>\$670,338</u> | <u>\$2,983,624</u> | <u>\$2,909,786</u> | <u>\$744,176</u> |
| <u>Total Agency Funds</u> | | | | |
| Assets | | | | |
| Equity in pooled cash and cash equivalents | \$719,595 | \$3,063,002 | \$2,983,995 | \$798,602 |
| Total assets | <u>719,595</u> | <u>3,063,002</u> | <u>2,983,995</u> | <u>798,602</u> |
| Liabilities | | | | |
| Accrued wages and benefits | 670,338 | 2,983,624 | 2,909,786 | 744,176 |
| Due to students | 49,257 | 79,378 | 74,209 | 54,426 |
| Total liabilities | <u>\$719,595</u> | <u>\$3,063,002</u> | <u>\$2,983,995</u> | <u>\$798,602</u> |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--------------------------------|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Property and Other Local Taxes | \$ 24,715,717 | \$ 22,628,523 | \$ 22,852,847 | \$ 224,324 |
| Intergovernmental | 3,865,261 | 4,226,427 | 4,144,018 | (82,409) |
| Interest | 100,000 | 100,000 | 87,766 | (12,234) |
| Tuition and Fees | 1,190,633 | 1,010,633 | 791,940 | (218,693) |
| Rent | 14,000 | 259,000 | 253,837 | (5,163) |
| Gifts and Donations | 0 | 19,000 | 18,958 | (42) |
| Customer Sales and Services | 224,191 | 224,191 | 187,442 | (36,749) |
| Miscellaneous | 57,070 | 57,070 | 57,852 | 782 |
| Total Revenues | <u>30,166,872</u> | <u>28,524,844</u> | <u>28,394,660</u> | <u>(130,184)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | | | | |
| Salaries | 7,881,144 | 7,768,144 | 7,761,396 | 6,748 |
| Fringe Benefits | 2,266,313 | 2,236,313 | 2,235,135 | 1,178 |
| Purchased Services | 207,781 | 187,914 | 161,636 | 26,278 |
| Materials and Supplies | 434,967 | 356,739 | 327,633 | 29,106 |
| Other | 64,252 | 46,752 | 44,823 | 1,929 |
| Capital Outlay | 36,219 | 19,326 | 17,940 | 1,386 |
| Capital Outlay Replacement | 3,574 | 574 | 200 | 374 |
| Total - Regular | <u>10,894,250</u> | <u>10,615,762</u> | <u>10,548,763</u> | <u>66,999</u> |
| Special | | | | |
| Salaries | 2,213,644 | 2,224,644 | 2,218,248 | 6,396 |
| Fringe Benefits | 814,336 | 867,536 | 866,738 | 798 |
| Purchased Services | 990,976 | 990,427 | 984,790 | 5,637 |
| Materials and Supplies | 27,574 | 19,133 | 13,934 | 5,199 |
| Other | 166 | 166 | 128 | 38 |
| Capital Outlay | 4,874 | 4,743 | 2,730 | 2,013 |
| Total - Special | <u>4,051,570</u> | <u>4,106,649</u> | <u>4,086,568</u> | <u>20,081</u> |
| Vocational | | | | |
| Purchased Services | 145,100 | 242,100 | 236,692 | 5,408 |
| Materials and Supplies | 17,840 | 16,850 | 12,695 | 4,155 |
| Other | 1,700 | 1,700 | 1,309 | 391 |
| Capital Outlay | 500 | 500 | 0 | 500 |
| Total - Vocational | <u>165,140</u> | <u>261,150</u> | <u>250,696</u> | <u>10,454</u> |
| Other | | | | |
| Fringe Benefits | 21,450 | 30,450 | 27,033 | 3,417 |
| Purchased Services | 80,600 | 92,600 | 87,791 | 4,809 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------|------------------------|---------------------|---------------|---------------------------------------|
| Total - Other | 102,050 | 123,050 | 114,824 | 8,226 |
| Total - Instruction: | 15,213,010 | 15,106,611 | 15,000,851 | 105,760 |
| Support Services: | | | | |
| Pupils | | | | |
| Salaries | 1,330,394 | 1,212,879 | 1,201,861 | 11,018 |
| Fringe Benefits | 415,859 | 375,859 | 371,793 | 4,066 |
| Purchased Services | 45,196 | 45,196 | 45,193 | 3 |
| Materials and Supplies | 14,589 | 12,641 | 9,661 | 2,980 |
| Other | 371 | 371 | 353 | 18 |
| Capital Outlay | 1,347 | 847 | 239 | 608 |
| Capital Outlay Replacement | 715 | 715 | 3 | 712 |
| Total - Pupils | 1,808,471 | 1,648,508 | 1,629,103 | 19,405 |
| Instructional Staff | | | | |
| Salaries | 762,171 | 582,171 | 574,049 | 8,122 |
| Fringe Benefits | 253,949 | 233,949 | 224,948 | 9,001 |
| Purchased Services | 110,756 | 78,856 | 63,692 | 15,164 |
| Materials and Supplies | 65,724 | 41,724 | 29,184 | 12,540 |
| Capital Outlay | 3,226 | 3,226 | 682 | 2,544 |
| Capital Outlay Replacement | 223 | 223 | 202 | 21 |
| Total - Instructional Staff | 1,196,049 | 940,149 | 892,757 | 47,392 |
| Board of Education | | | | |
| Salaries | 14,500 | 14,500 | 13,310 | 1,190 |
| Fringe Benefits | 2,952 | 2,952 | 1,631 | 1,321 |
| Purchased Services | 318,670 | 431,670 | 425,395 | 6,275 |
| Materials and Supplies | 5,285 | 5,285 | 5,205 | 80 |
| Other | 16,808 | 16,808 | 15,181 | 1,627 |
| Capital Outlay | 10,783 | 783 | 783 | 783 |
| Total - Board of Education | 368,998 | 471,998 | 460,722 | 11,276 |
| Administration | | | | |
| Salaries | 1,723,304 | 1,638,304 | 1,624,385 | 13,919 |
| Fringe Benefits | 541,755 | 603,755 | 603,328 | 427 |
| Purchased Services | 164,783 | 158,875 | 145,173 | 13,702 |
| Materials and Supplies | 31,103 | 26,003 | 18,327 | 7,676 |
| Other | 100,409 | 80,525 | 65,681 | 14,844 |
| Capital Outlay | 7,889 | 9,219 | 3,664 | 5,555 |
| Total - Administration | 2,569,243 | 2,516,681 | 2,460,558 | 56,123 |
| Fiscal | | | | |
| Salaries | 255,985 | 235,985 | 229,339 | 6,646 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| Fringe Benefits | 63,579 | 73,579 | 68,592 | 4,987 |
| Purchased Services | 22,442 | 21,442 | 15,354 | 6,088 |
| Materials and Supplies | 5,067 | 6,067 | 5,271 | 796 |
| Other | 381,434 | 399,434 | 407,184 | (7,750) |
| Capital Outlay | 238 | 238 | 233 | 5 |
| Debt Issuance Costs | 12,000 | 29,000 | 19,090 | 9,910 |
| Total - Fiscal | 740,745 | 765,745 | 745,063 | 20,682 |
| Business | | | | |
| Salaries | 358,012 | 317,012 | 309,254 | 7,758 |
| Fringe Benefits | 130,474 | 129,824 | 123,061 | 6,763 |
| Purchased Services | 183,182 | 181,832 | 174,478 | 7,354 |
| Materials and Supplies | 28,525 | 28,525 | 18,874 | 9,651 |
| Other | 1,164 | 1,164 | | 1,164 |
| Capital Outlay | 2,451 | 2,451 | 1,288 | 1,163 |
| Total - Business | 703,808 | 660,808 | 626,955 | 33,853 |
| Operation and Maintenance of Plant | | | | |
| Salaries | 1,695,969 | 1,555,969 | 1,541,243 | 14,726 |
| Fringe Benefits | 614,146 | 574,146 | 573,637 | 509 |
| Purchased Services | 695,401 | 904,266 | 876,715 | 27,551 |
| Materials and Supplies | 207,111 | 208,950 | 186,405 | 22,545 |
| Capital Outlay | 23,388 | 7,923 | 7,788 | 135 |
| Capital Outlay Replacement | 5,229 | 329 | 0 | 329 |
| Total - Operation and Maintenance of PI | 3,241,244 | 3,251,583 | 3,185,788 | 65,795 |
| Pupil Transportation | | | | |
| Salaries | 978,063 | 1,058,063 | 1,052,800 | 5,263 |
| Fringe Benefits | 400,929 | 480,929 | 480,236 | 693 |
| Purchased Services | 141,818 | 224,768 | 197,348 | 27,420 |
| Materials and Supplies | 127,867 | 113,867 | 112,198 | 1,669 |
| Other | 381 | 381 | 150 | 231 |
| Capital Outlay | 5,600 | 2,600 | 799 | 1,801 |
| Capital Outlay Replacement | 20,870 | 17,370 | 16,141 | 1,229 |
| Total - Pupil Transportation | 1,675,528 | 1,897,978 | 1,859,672 | 38,306 |
| Central | | | | |
| Salaries | 261,143 | 268,143 | 260,666 | 7,477 |
| Fringe Benefits | 74,865 | 87,365 | 86,355 | 1,010 |
| Purchased Services | 300,009 | 285,424 | 266,679 | 18,745 |
| Materials and Supplies | 50,657 | 46,657 | 38,593 | 8,064 |
| Other | 994 | 994 | | 994 |
| Capital Outlay | 101,305 | 99,305 | 98,156 | 1,149 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| Total - Central | 788,973 | 787,888 | 750,449 | 37,439 |
| Total - Support Services: | 13,093,059 | 12,941,338 | 12,611,067 | 330,271 |
| Extracurricular Activities: | | | | |
| Academic Oriented Activities | | | | |
| Salaries | 109,189 | 109,189 | 108,869 | 320 |
| Fringe Benefits | 18,156 | 18,156 | 17,184 | 972 |
| Total - Academic Oriented Activities | 127,345 | 127,345 | 126,053 | 1,292 |
| Sport Oriented Activities | | | | |
| Salaries | 505,642 | 505,642 | 505,260 | 382 |
| Fringe Benefits | 91,146 | 91,146 | 90,238 | 908 |
| Total - Sport Oriented Activities | 596,788 | 596,788 | 595,498 | 1,290 |
| School and Public Service Co-Curricular Activities | | | | |
| Salaries | 32,341 | 32,341 | 32,089 | 252 |
| Fringe Benefits | 4,485 | 5,485 | 5,131 | 354 |
| Total - School and Public Service Co-Cu | 36,826 | 37,826 | 37,220 | 606 |
| Total - Extracurricular Activities: | 760,959 | 761,959 | 758,771 | 3,188 |
| Total Expenditures | 29,067,028 | 28,809,908 | 28,370,689 | 439,219 |
| Excess of Revenues Over (Under) Expendi | 1,099,844 | (285,064) | 23,971 | 309,035 |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 13,225 | 19,888 | 6,663 | (13,225) |
| Proceeds from Sale of Fixed Assets | 500 | 7,850 | 7,850 | 0 |
| Refund of Prior Year Expenditures | 2,500 | 2,500 | 1,995 | (505) |
| Advances In | 15,000 | 49,500 | 49,500 | 0 |
| Transfers Out | (265,146) | (265,315) | (265,146) | 169 |
| Total Other Financing Sources and Uses | (233,921) | (185,577) | (199,138) | (13,561) |
| Net Change in Fund Balances | 865,923 | (470,641) | (175,167) | 295,474 |
| Fund Balance (Deficit) at Beginning of Year | 790,258 | 790,258 | 790,258 | 0 |
| Prior Year Encumbrances Appropriated | 254,428 | 254,428 | 254,428 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$ 1,910,609</u> | <u>\$ 574,045</u> | <u>\$ 869,519</u> | <u>\$ 295,474</u> |

Beachwood City Schools
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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------------|---------------------------------------|
| REVENUES: | | | | |
| Property and Other Local Taxes | \$ 2,676,402 | \$ 2,639,511 | \$ 2,680,729 | \$ 41,218 |
| Intergovernmental | 357,827 | 321,540 | 314,601 | (6,939) |
| Total Revenues | <u>3,034,229</u> | <u>2,961,051</u> | <u>2,995,330</u> | <u>34,279</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principal | | | | |
| Principal Retirement | 1,915,000 | 1,915,000 | 1,915,000 | 0 |
| Interest | | | | |
| Interest and Fiscal Charges | 939,886 | 939,886 | 939,886 | 0 |
| Issuance Costs | | | | |
| Debt Issuance Costs | 3,600 | 3,600 | 0 | 3,600 |
| Total - Debt Service: | <u>2,858,486</u> | <u>2,858,486</u> | <u>2,854,886</u> | <u>3,600</u> |
| Total Expenditures | <u>2,858,486</u> | <u>2,858,486</u> | <u>2,854,886</u> | <u>3,600</u> |
| Excess of Revenues Over (Under) Expenditures | <u>175,743</u> | <u>102,565</u> | <u>140,444</u> | <u>37,879</u> |
| Net Change in Fund Balances | 175,743 | 102,565 | 140,444 | 37,879 |
| Fund Balance (Deficit) at Beginning of Year | <u>917,277</u> | <u>917,277</u> | <u>917,277</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 1,093,020</u> | <u>\$ 1,019,842</u> | <u>\$ 1,057,721</u> | <u>\$ 37,879</u> |

Beachwood City Schools
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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Property and Other Local Taxes | \$ 572,004 | \$ 543,754 | \$ 551,283 | \$ 7,529 |
| Intergovernmental | 60,967 | 67,094 | 65,704 | (1,390) |
| Interest | 33,000 | 8,000 | 6,618 | (1,382) |
| Customer Sales and Services | 0 | 1,500 | 1,500 | 0 |
| Total Revenues | <u>665,971</u> | <u>620,348</u> | <u>625,105</u> | <u>4,757</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Administration | 18,846 | 18,846 | 18,846 | 0 |
| Operation and Maintenance of Plant | 369,000 | 369,000 | 367,263 | 1,737 |
| Capital Outlay: | | | | |
| Architecture and Engineering Services | 2,154 | 3,973 | 3,973 | 0 |
| Other Facilities Acquisition and Construction | 0 | 51,478 | 50,628 | 850 |
| Debt Service: | | | | |
| Principal | 379,096 | 379,096 | 378,959 | 137 |
| Total Expenditures | <u>769,096</u> | <u>822,393</u> | <u>819,669</u> | <u>2,724</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(103,125)</u> | <u>(202,045)</u> | <u>(194,564)</u> | <u>7,481</u> |
| Net Change in Fund Balances | (103,125) | (202,045) | (194,564) | 7,481 |
| Fund Balance (Deficit) at Beginning of Year | 124,047 | 124,047 | 124,047 | 0 |
| Prior Year Encumbrances Appropriated | <u>78,093</u> | <u>78,093</u> | <u>78,093</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 99,015</u> | <u>\$ 95</u> | <u>\$ 7,576</u> | <u>\$ 7,481</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$204,019 | \$204,019 | \$0 |
| Interest | 622,000 | 416,881 | 28,373 | (388,508) |
| Customer Sales and Services | 0 | 1,100 | 1,100 | 0 |
| Total Revenues | 622,000 | 622,000 | 233,492 | (388,508) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | | | | |
| Purchased Services | 150,000 | 400,000 | 399,980 | 20 |
| Capital Outlay | 82,000 | 84,005 | 83,863 | 142 |
| Total - Regular | 232,000 | 484,005 | 483,843 | 162 |
| Total - Instruction: | 232,000 | 484,005 | 483,843 | 162 |
| Capital Outlay: | | | | |
| Site Improvement Services | | | | |
| Capital Outlay | 385,022 | 455,022 | 407,550 | 47,472 |
| Total - Site Improvement Services | 385,022 | 455,022 | 407,550 | 47,472 |
| Architecture and Engineering Services | | | | |
| Capital Outlay | 79,004 | 79,004 | 62,191 | 16,813 |
| Total - Architecture and Engineering Services | 79,004 | 79,004 | 62,191 | 16,813 |
| Building Acquisition and Construction Services | | | | |
| Capital Outlay | 7,000 | 7,000 | 0 | 7,000 |
| Total - Building Acquisition and Construction Service: | 7,000 | 7,000 | 0 | 7,000 |
| Building Improvement Services | | | | |
| Capital Outlay | 1,243,347 | 1,235,347 | 1,225,674 | 9,673 |
| Total - Building Improvement Services | 1,243,347 | 1,235,347 | 1,225,674 | 9,673 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|---------------------|--------------------|---------------------------------------|
| Other Facilities Acquisition and Construction | | | | |
| Purchased Services | 48,774 | 61,774 | 44,636 | 17,138 |
| Capital Outlay | <u>5,355,651</u> | <u>4,498,646</u> | <u>4,494,187</u> | <u>4,459</u> |
| Total - Other Facilities Acquisition and Construction | <u>5,404,425</u> | <u>4,560,420</u> | <u>4,538,823</u> | <u>21,597</u> |
| Total - Capital Outlay: | <u>7,118,798</u> | <u>6,336,793</u> | <u>6,234,238</u> | <u>102,555</u> |
| Total Expenditures | <u>7,350,798</u> | <u>6,820,798</u> | <u>6,718,081</u> | <u>102,717</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(6,728,798)</u> | <u>(6,198,798)</u> | <u>(6,484,589)</u> | <u>(285,791)</u> |
| Net Change in Fund Balances | (6,728,798) | (6,198,798) | (6,484,589) | (285,791) |
| Fund Balance (Deficit) at Beginning of Year | 897,106 | 897,106 | 897,106 | 0 |
| Prior Year Encumbrances Appropriated | <u>5,832,354</u> | <u>5,832,354</u> | <u>5,832,354</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 662</u> | <u>\$ 530,662</u> | <u>\$ 244,871</u> | <u>\$ (285,791)</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Consortium Fund
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 662,000 | \$ 662,000 | \$ 803,089 | \$ 141,089 |
| Tuition and Fees | 2,417,000 | 2,417,000 | 1,955,883 | (461,117) |
| Customer Sales and Services | 121,684 | 121,684 | 25,613 | (96,071) |
| Total Revenues | 3,200,684 | 3,200,684 | 2,784,585 | (416,099) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | | | | |
| Salaries | 821,425 | 749,544 | 731,925 | 17,619 |
| Fringe Benefits | 260,778 | 250,848 | 248,155 | 2,693 |
| Purchased Services | 522,823 | 515,823 | 442,667 | 73,156 |
| Materials and Supplies | 26,168 | 27,689 | 19,847 | 7,842 |
| Capital Outlay | 6,856 | 8,356 | 7,034 | 1,322 |
| Capital Outlay Replacement | 7,368 | 11,868 | 6,886 | 4,982 |
| Total - Special | 1,645,418 | 1,564,128 | 1,456,514 | 107,614 |
| Vocational | | | | |
| Salaries | 397,968 | 359,348 | 349,542 | 9,806 |
| Fringe Benefits | 143,028 | 122,798 | 119,087 | 3,711 |
| Purchased Services | 42,823 | 41,823 | 27,529 | 14,294 |
| Materials and Supplies | 62,181 | 62,341 | 49,541 | 12,800 |
| Other | 500 | 500 | 50 | 450 |
| Capital Outlay | 9,475 | 10,475 | 9,046 | 1,429 |
| Capital Outlay Replacement | 250 | 250 | 0 | 250 |
| Total - Vocational | 656,225 | 597,535 | 554,795 | 42,740 |
| Total - Instruction: | 2,301,643 | 2,161,663 | 2,011,309 | 150,354 |
| Support Services: | | | | |
| Pupils | | | | |
| Salaries | 807,112 | 782,212 | 751,039 | 31,173 |
| Fringe Benefits | 285,112 | 301,272 | 295,480 | 5,792 |
| Purchased Services | 6,385 | 6,385 | 6,385 | 0 |
| Materials and Supplies | 381 | 381 | 0 | 381 |
| Total - Pupils | 1,098,990 | 1,090,250 | 1,052,904 | 37,346 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Consortium Fund
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------------|---------------------------------------|
| Central | | | | |
| Materials and Supplies | 1,596 | 1,596 | 516 | 1,080 |
| Total - Central | 1,596 | 1,596 | 516 | 1,080 |
| Total - Support Services: | 1,100,586 | 1,091,846 | 1,053,420 | 38,426 |
| Total Expenditures | 3,402,229 | 3,253,509 | 3,064,729 | 188,780 |
| Excess of Revenues Over (Under) Expenditures | (201,545) | (52,825) | (280,144) | (227,319) |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Advances Out | 0 | (1,000) | (1,000) | 0 |
| Total Other Financing Sources and Uses | 0 | (1,000) | (1,000) | 0 |
| Net Change in Fund Balances | (201,545) | (53,825) | (281,144) | (227,319) |
| Fund Balance (Deficit) at Beginning of Year | 1,437,743 | 1,437,743 | 1,437,743 | 0 |
| Prior Year Encumbrances Appropriated | 5,485 | 5,485 | 5,485 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$ 1,241,683</u> | <u>\$ 1,389,403</u> | <u>\$ 1,162,084</u> | <u>\$ (227,319)</u> |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|----------------|---------------------------------------|
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Central | | | | |
| Purchased Services | \$23,719 | \$23,719 | \$23,719 | \$0 |
| Total - Central | 23,719 | 23,719 | 23,719 | 0 |
| Total - Support Services: | 23,719 | 23,719 | 23,719 | 0 |
| Total Expenditures | 23,719 | 23,719 | 23,719 | 0 |
| Excess of Revenues Over (Under) Expenditures | (23,719) | (23,719) | (23,719) | 0 |
| Net Change in Fund Balances | (23,719) | (23,719) | (23,719) | 0 |
| Fund Balance (Deficit) at Beginning of Year | 24,962 | 24,962 | 24,962 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$1,243</u> | <u>\$1,243</u> | <u>\$1,243</u> | <u>\$0</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 28,800 | \$ 28,800 | \$ 25,737 | \$ (3,063) |
| Interest | 300 | 300 | 204 | (96) |
| Customer Sales and Services | 447,590 | 332,590 | 303,673 | (28,917) |
| Total Revenues | 476,690 | 361,690 | 329,614 | (32,076) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | | | | |
| Salaries | 232,377 | 173,877 | 168,771 | 5,106 |
| Fringe Benefits | 123,647 | 76,648 | 71,176 | 5,472 |
| Purchased Services | 23,931 | 14,931 | 12,373 | 2,558 |
| Materials and Supplies | 196,650 | 187,150 | 168,726 | 18,424 |
| Capital Outlay | 14,250 | 19,250 | 17,375 | 1,875 |
| Total - Food Service Operations | 590,855 | 471,856 | 438,421 | 33,435 |
| Total - Operation of Non-Instructional Services: | 590,855 | 471,856 | 438,421 | 33,435 |
| Total Expenditures | 590,855 | 471,856 | 438,421 | 33,435 |
| Excess of Revenues Over (Under) Expenditures | (114,165) | (110,166) | (108,807) | 1,359 |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 115,000 | 115,000 | 115,000 | 0 |
| Total Other Financing Sources and Uses | 115,000 | 115,000 | 115,000 | 0 |
| Net Change in Fund Balances | 835 | 4,834 | 6,193 | 1,359 |
| Fund Balance (Deficit) at Beginning of Year | 48 | 48 | 48 | 0 |
| Fund Balance (Deficit) at End of Year | \$ 883 | \$ 4,882 | \$ 6,241 | \$ 1,359 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Expendable Trust Funds
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Interest | \$ 60 | \$ 60 | \$ 24 | \$ (36) |
| Gifts and Donations | 950 | 950 | 418 | (532) |
| Customer Sales and Services | <u>7,737</u> | <u>40,000</u> | <u>41,711</u> | <u>1,711</u> |
| Total Revenues | <u>8,747</u> | <u>41,010</u> | <u>42,153</u> | <u>1,143</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Pupils | | | | |
| Materials and Supplies | 48 | 48 | | 48 |
| Other | <u>13,520</u> | <u>43,782</u> | <u>42,105</u> | <u>1,677</u> |
| Total - Pupils | <u>13,568</u> | <u>43,830</u> | <u>42,105</u> | <u>1,725</u> |
| Fiscal | | | | |
| Purchased Services | <u>2,707</u> | <u>2,707</u> | <u>2,707</u> | <u>0</u> |
| Total - Fiscal | <u>2,707</u> | <u>2,707</u> | <u>2,707</u> | <u>0</u> |
| Total - Support Services: | <u>16,275</u> | <u>46,537</u> | <u>44,812</u> | <u>1,725</u> |
| Total Expenditures | <u>16,275</u> | <u>46,537</u> | <u>44,812</u> | <u>1,725</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(7,528)</u> | <u>(5,527)</u> | <u>(2,659)</u> | <u>2,868</u> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers Out | <u>(6,663)</u> | <u>(6,663)</u> | <u>(6,663)</u> | <u>0</u> |
| Total Other Financing Sources and Uses | <u>(6,663)</u> | <u>(6,663)</u> | <u>(6,663)</u> | <u>0</u> |
| Net Change in Fund Balances | (14,191) | (12,190) | (9,322) | 2,868 |
| Fund Balance (Deficit) at Beginning of Year | <u>21,759</u> | <u>21,759</u> | <u>21,759</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 7,568</u> | <u>\$ 9,569</u> | <u>\$ 12,437</u> | <u>\$ 2,868</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Uniform Supplies
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------|---------------------------------------|
| Fund Balance (Deficit) at Beginning of Year | \$1,493 | \$1,493 | \$1,493 | \$0 |
| Fund Balance (Deficit) at End of Year | \$1,493 | \$1,493 | \$1,493 | \$0 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|----------------|---------------------------------------|
| REVENUES: | | | | |
| Customer Sales and Services | \$990 | \$990 | \$0 | (\$990) |
| Total Revenues | 990 | 990 | 0 | (990) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Vocational | | | | |
| Purchased Services | 2,300 | 2,300 | 942 | 1,358 |
| Materials and Supplies | 200 | 200 | 70 | 130 |
| Total - Vocational | 2,500 | 2,500 | 1,012 | 1,488 |
| Total - Instruction: | 2,500 | 2,500 | 1,012 | 1,488 |
| Total Expenditures | 2,500 | 2,500 | 1,012 | 1,488 |
| Excess of Revenues Over (Under) Expenditures | (1,510) | (1,510) | (1,012) | 498 |
| Net Change in Fund Balances | (1,510) | (1,510) | (1,012) | 498 |
| Fund Balance (Deficit) at Beginning of Year | 3,440 | 3,440 | 3,440 | 0 |
| Prior Year Encumbrances Appropriated | 60 | 60 | 60 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$1,990</u> | <u>\$1,990</u> | <u>\$2,488</u> | <u>\$498</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Customer Sales and Services | \$ 190,333 | \$ 190,333 | \$ 174,026 | \$ (16,307) |
| Total Revenues | <u>190,333</u> | <u>190,333</u> | <u>174,026</u> | <u>(16,307)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Adult/Continuing | | | | |
| Salaries | 105,783 | 157,208 | 139,376 | 17,832 |
| Fringe Benefits | 33,290 | 33,290 | 30,555 | 2,735 |
| Purchased Services | 33,870 | 48,056 | 36,066 | 11,990 |
| Materials and Supplies | 13,810 | 15,827 | 13,756 | 2,071 |
| Capital Outlay | 2,775 | 2,775 | 2,362 | 413 |
| Debt Issuance Costs | 4,000 | 4,000 | 3,249 | 751 |
| Total - Adult/Continuing | <u>193,528</u> | <u>261,156</u> | <u>225,364</u> | <u>35,792</u> |
| Total - Instruction: | <u>193,528</u> | <u>261,156</u> | <u>225,364</u> | <u>35,792</u> |
| Total Expenditures | <u>193,528</u> | <u>261,156</u> | <u>225,364</u> | <u>35,792</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(3,195)</u> | <u>(70,823)</u> | <u>(51,338)</u> | <u>19,485</u> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 0 | 0 | 6,200 | 6,200 |
| Advances Out | (520) | (520) | 0 | 520 |
| Total Other Financing Sources and Uses | <u>(520)</u> | <u>(520)</u> | <u>6,200</u> | <u>6,720</u> |
| Net Change in Fund Balances | <u>(3,715)</u> | <u>(71,343)</u> | <u>(45,138)</u> | <u>26,205</u> |
| Fund Balance (Deficit) at Beginning of Year | 110,575 | 110,575 | 110,575 | 0 |
| Prior Year Encumbrances Appropriated | <u>1,376</u> | <u>1,376</u> | <u>1,376</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 108,236</u> | <u>\$ 40,608</u> | <u>\$ 66,813</u> | <u>\$ 26,205</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Pupil Support
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Gifts and Donations | \$ 16,651 | \$ 16,651 | \$ 41,544 | \$ 24,893 |
| Customer Sales and Services | 80 | 80 | 2,115 | 2,035 |
| Total Revenues | <u>16,731</u> | <u>16,731</u> | <u>43,659</u> | <u>26,928</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | | | | |
| Purchased Services | 2,940 | 774 | 659 | 115 |
| Materials and Supplies | 5,945 | 5,368 | 5,368 | |
| Capital Outlay | 17,273 | 20,566 | 20,328 | 238 |
| Total - Regular | <u>26,158</u> | <u>26,708</u> | <u>26,355</u> | <u>353</u> |
| Total - Instruction: | <u>26,158</u> | <u>26,708</u> | <u>26,355</u> | <u>353</u> |
| Support Services: | | | | |
| Central | | | | |
| Materials and Supplies | 945 | 945 | 940 | 5 |
| Total - Central | <u>945</u> | <u>945</u> | <u>940</u> | <u>5</u> |
| Total - Support Services: | <u>945</u> | <u>945</u> | <u>940</u> | <u>5</u> |
| Total Expenditures | <u>27,103</u> | <u>27,653</u> | <u>27,295</u> | <u>358</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(10,372)</u> | <u>(10,922)</u> | <u>16,364</u> | <u>27,286</u> |
| Net Change in Fund Balances | (10,372) | (10,922) | 16,364 | 27,286 |
| Fund Balance (Deficit) at Beginning of Year | <u>27,534</u> | <u>27,534</u> | <u>27,534</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 17,162</u> | <u>\$ 16,612</u> | <u>\$ 43,898</u> | <u>\$ 27,286</u> |

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Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Misc. Local Grants
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Customer Sales and Services | \$0 | \$10,000 | \$10,000 | \$0 |
| Total Revenues | 0 | 10,000 | 10,000 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | | | | |
| Purchased Services | 475 | 475 | 0 | 475 |
| Materials and Supplies | 3,494 | 3,494 | 259 | 3,235 |
| Total - Regular | 3,969 | 3,969 | 259 | 3,710 |
| Total - Instruction: | 3,969 | 3,969 | 259 | 3,710 |
| Support Services: | | | | |
| Pupils | | | | |
| Other | 329 | 329 | 0 | 329 |
| Total - Pupils | 329 | 329 | 0 | 329 |
| Instructional Staff | | | | |
| Materials and Supplies | 499 | 499 | 0 | 499 |
| Total - Instructional Staff | 499 | 499 | 0 | 499 |
| Administration | | | | |
| Purchased Services | 4,275 | 4,275 | 0 | 4,275 |
| Total - Administration | 4,275 | 4,275 | 0 | 4,275 |
| Central | | | | |
| Capital Outlay | 1,000 | 1,000 | 0 | 1,000 |
| Total - Central | 1,000 | 1,000 | 0 | 1,000 |
| Total - Support Services: | 6,103 | 6,103 | 0 | 6,103 |
| Total Expenditures | 10,072 | 10,072 | 259 | 9,813 |
| Excess of Revenues Over (Under) Expenditures | (10,072) | (72) | 9,741 | 9,813 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Misc. Local Grants
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------|---------------------------------------|
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 5,000 | 5,000 | 0 | (5,000) |
| Total Other Financing Sources and Uses | 5,000 | 5,000 | 0 | (5,000) |
| Net Change in Fund Balances | (5,072) | 4,928 | 9,741 | 4,813 |
| Fund Balance (Deficit) at Beginning of Year | 14,384 | 14,384 | 14,384 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$9,312</u> | <u>\$19,312</u> | <u>\$24,125</u> | <u>\$4,813</u> |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Tuition and Fees | \$ 496,000 | \$ 454,000 | \$ 442,445 | \$ (11,555) |
| Customer Sales and Services | 0 | 0 | 525 | 525 |
| Miscellaneous | 2,000 | 2,000 | 0 | (2,000) |
| Total Revenues | 498,000 | 456,000 | 442,970 | (13,030) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Other | | | | |
| Salaries | 289,529 | 278,136 | 260,477 | 17,659 |
| Fringe Benefits | 113,149 | 115,950 | 111,999 | 3,951 |
| Purchased Services | 26,873 | 26,849 | 21,363 | 5,486 |
| Materials and Supplies | 20,420 | 19,420 | 13,643 | 5,777 |
| Capital Outlay | 2,611 | 3,229 | 0 | 3,229 |
| Total - Other | 452,582 | 443,584 | 407,482 | 36,102 |
| Total - Instruction: | 452,582 | 443,584 | 407,482 | 36,102 |
| Total Expenditures | 452,582 | 443,584 | 407,482 | 36,102 |
| Excess of Revenues Over (Under) Expenditures | 45,418 | 12,416 | 35,488 | 23,072 |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 0 | 62,000 | 50,000 | (12,000) |
| Advances Out | (48,500) | (48,500) | (48,500) | 0 |
| Total Other Financing Sources and Uses | (48,500) | 13,500 | 1,500 | (12,000) |
| Net Change in Fund Balances | (3,082) | 25,916 | 36,988 | 11,072 |
| Fund Balance (Deficit) at Beginning of Year | 11,082 | 11,082 | 11,082 | 0 |
| Prior Year Encumbrances Appropriated | 2,558 | 2,558 | 2,558 | 0 |
| Fund Balance (Deficit) at End of Year | \$ 10,558 | \$ 39,556 | \$ 50,628 | \$ 11,072 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
District Managed Student Activities
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-----------------|---------------------------------------|
| REVENUES: | | | | |
| Extracurricular Activities | \$ 75,500 | \$ 82,400 | \$ 65,367 | \$ (17,033) |
| Total Revenues | <u>75,500</u> | <u>82,400</u> | <u>65,367</u> | <u>(17,033)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Extracurricular Activities: | | | | |
| Academic Oriented Activities | | | | |
| Purchased Services | 7,550 | 2,550 | 0 | 2,550 |
| Materials and Supplies | 51,917 | 57,175 | 53,427 | 3,748 |
| Total - Academic Oriented Activities | <u>59,467</u> | <u>59,725</u> | <u>53,427</u> | <u>6,298</u> |
| Sport Oriented Activities | | | | |
| Purchased Services | 68,242 | 69,856 | 63,759 | 6,097 |
| Materials and Supplies | 43,600 | 40,790 | 40,231 | 559 |
| Other | 7,633 | 9,952 | 5,783 | 4,169 |
| Capital Outlay | 2,000 | 777 | 777 | 0 |
| Total - Sport Oriented Activities | <u>121,475</u> | <u>121,375</u> | <u>110,550</u> | <u>10,825</u> |
| Total - Extracurricular Activities: | <u>180,942</u> | <u>181,100</u> | <u>163,977</u> | <u>17,123</u> |
| Total Expenditures | <u>180,942</u> | <u>181,100</u> | <u>163,977</u> | <u>17,123</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(105,442)</u> | <u>(98,700)</u> | <u>(98,610)</u> | <u>90</u> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Transfers In | 110,500 | 102,100 | 92,846 | (9,254) |
| Refund of Prior Year Expenditures | 0 | 1,500 | 1,399 | (101) |
| Total Other Financing Sources and Uses | <u>110,500</u> | <u>103,600</u> | <u>94,245</u> | <u>(9,355)</u> |
| Net Change in Fund Balances | 5,058 | 4,900 | (4,365) | (9,265) |
| Fund Balance (Deficit) at Beginning of Year | <u>10,048</u> | <u>10,048</u> | <u>10,048</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 15,106</u> | <u>\$ 14,948</u> | <u>\$ 5,683</u> | <u>\$ (9,265)</u> |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$239,893 | \$223,639 | \$223,639 | \$0 |
| Interest | 0 | 808 | 450 | (358) |
| Total Revenues | <u>239,893</u> | <u>224,447</u> | <u>224,089</u> | <u>(358)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Operation of Non-Instructional Services: | | | | |
| Community Services | | | | |
| Salaries | 103,143 | 35,143 | 31,256 | 3,887 |
| Fringe Benefits | 1,355 | 5,781 | 5,532 | 249 |
| Purchased Services | 80,899 | 126,066 | 122,865 | 3,201 |
| Materials and Supplies | 44,446 | 41,002 | 32,995 | 8,007 |
| Capital Outlay | 10,050 | 10,050 | 3,398 | 6,652 |
| Total - Community Services | <u>239,893</u> | <u>218,042</u> | <u>196,046</u> | <u>21,996</u> |
| Total - Operation of Non-Instructional Services: | <u>239,893</u> | <u>218,042</u> | <u>196,046</u> | <u>21,996</u> |
| Total Expenditures | <u>239,893</u> | <u>218,042</u> | <u>196,046</u> | <u>21,996</u> |
| Excess of Revenues Over (Under) Expenditures | <u>0</u> | <u>6,405</u> | <u>28,043</u> | <u>21,638</u> |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Refund of Prior Year Receipts | 0 | (13,708) | (7,843) | 5,865 |
| Total Other Financing Sources and Uses | <u>0</u> | <u>(13,708)</u> | <u>(7,843)</u> | <u>5,865</u> |
| Net Change in Fund Balances | 0 | (7,303) | 20,200 | 27,503 |
| Fund Balance (Deficit) at Beginning of Year | 6,652 | 6,652 | 6,652 | 0 |
| Prior Year Encumbrances Appropriated | 652 | 652 | 652 | 0 |
| Fund Balance (Deficit) at End of Year | <u><u>\$7,304</u></u> | <u><u>\$1</u></u> | <u><u>\$27,504</u></u> | <u><u>\$27,503</u></u> |

Beachwood City Schools
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Management Information Systems
 For the Fiscal Year Ended June 30, 2004*

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 5,800 | \$ 5,800 | \$ 5,854 | \$ 54 |
| Total Revenues | <u>5,800</u> | <u>5,800</u> | <u>5,854</u> | <u>54</u> |
| Excess of Revenues Over (Under) Expenditures | <u>5,800</u> | <u>5,800</u> | <u>5,854</u> | <u>54</u> |
| Net Change in Fund Balances | 5,800 | 5,800 | 5,854 | 54 |
| Fund Balance (Deficit) at Beginning of Year | <u>5,791</u> | <u>5,791</u> | <u>5,791</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 11,591</u> | <u>\$ 11,591</u> | <u>\$ 11,645</u> | <u>\$ 54</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Entry Year Grant
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------|---------------------------------------|
| Fund Balance (Deficit) at Beginning of Year | \$12 | \$12 | \$12 | \$0 |
| Fund Balance (Deficit) at End of Year | \$12 | \$12 | \$12 | \$0 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
One Net
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$17,500 | \$15,000 | \$15,000 | \$0 |
| Total Revenues | 17,500 | 15,000 | 15,000 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Central | | | | |
| Purchased Services | 17,500 | 15,000 | 15,000 | 0 |
| Total - Central | 17,500 | 15,000 | 15,000 | 0 |
| Total - Support Services: | 17,500 | 15,000 | 15,000 | 0 |
| Total Expenditures | 17,500 | 15,000 | 15,000 | 0 |
| Excess of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$0 | \$0 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 4,600 | \$ 4,600 | \$ 4,140 | \$ (460) |
| Total Revenues | <u>4,600</u> | <u>4,600</u> | <u>4,140</u> | <u>(460)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Central | <u>4,053</u> | <u>4,132</u> | <u>3,471</u> | <u>661</u> |
| Total Expenditures | <u>4,053</u> | <u>4,132</u> | <u>3,471</u> | <u>661</u> |
| Excess of Revenues Over (Under) Expenditures | <u>547</u> | <u>468</u> | <u>669</u> | <u>201</u> |
| Net Change in Fund Balances | <u>547</u> | <u>468</u> | <u>669</u> | <u>201</u> |
| Fund Balance (Deficit) at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 547</u> | <u>\$ 468</u> | <u>\$ 669</u> | <u>\$ 201</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous State Grants
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$7,550 | \$0 | \$0 | \$0 |
| Total Revenues | <u>7,550</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Business | | | | |
| Purchased Services | 1,550 | 1 | 2 | (1) |
| Total - Business | <u>1,550</u> | <u>1</u> | <u>2</u> | <u>(1)</u> |
| Total - Support Services: | <u>1,550</u> | <u>1</u> | <u>2</u> | <u>(1)</u> |
| Total Expenditures | <u>1,550</u> | <u>1</u> | <u>2</u> | <u>(1)</u> |
| Excess of Revenues Over (Under) Expenditures | <u>6,000</u> | <u>(1)</u> | <u>(2)</u> | <u>(1)</u> |
| Net Change in Fund Balances | 6,000 | (1) | (2) | (1) |
| Fund Balance (Deficit) at Beginning of Year | <u>2</u> | <u>2</u> | <u>2</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u><u>\$6,002</u></u> | <u><u>\$1</u></u> | <u><u>\$0</u></u> | <u><u>(\$1)</u></u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
IDEA B
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|----------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 218,799 | \$ 209,749 | \$ 203,747 | \$ (6,002) |
| Total Revenues | 218,799 | 209,749 | 203,747 | (6,002) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | | | | |
| Salaries | 3,563 | 3,072 | 3,072 | 0 |
| Purchased Services | 29,484 | 27,385 | 27,385 | 0 |
| Total - Special | 33,047 | 30,457 | 30,457 | 0 |
| Total - Instruction: | 33,047 | 30,457 | 30,457 | 0 |
| Support Services: | | | | |
| Pupils | | | | |
| Salaries | 80,295 | 76,270 | 74,244 | 2,026 |
| Fringe Benefits | 16,122 | 15,969 | 15,959 | 10 |
| Purchased Services | 43,400 | 45,786 | 45,685 | 101 |
| Materials and Supplies | 800 | 227 | 227 | 0 |
| Total - Pupils | 140,617 | 138,252 | 136,115 | 2,137 |
| Instructional Staff | | | | |
| Salaries | 23,927 | 20,980 | 20,370 | 610 |
| Fringe Benefits | 14,227 | 14,380 | 13,715 | 665 |
| Total - Instructional Staff | 38,154 | 35,360 | 34,085 | 1,275 |
| Administration | | | | |
| Salaries | 5,983 | 5,983 | 5,983 | 0 |
| Fringe Benefits | 988 | 988 | 982 | 6 |
| Total - Administration | 6,971 | 6,971 | 6,965 | 6 |
| Total - Support Services: | 185,742 | 180,583 | 177,165 | 3,418 |
| Total Expenditures | 218,789 | 211,040 | 207,622 | 3,418 |
| Excess of Revenues Over (Under) Expenditures | 10 | (1,291) | (3,875) | (2,584) |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
IDEA B
For the Fiscal Year Ended June 30, 2004

| | | | | |
|---|-----------------|-----------------|-----------------|-------------------|
| Net Change in Fund Balances | 10 | (1,291) | (3,875) | (2,584) |
| Prior Year Encumbrances Appropriated | <u>5,270</u> | <u>5,270</u> | <u>5,270</u> | <u>0</u> |
| Fund Balance (Deficit) at Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance (Deficit) at End of Year | <u>\$ 5,280</u> | <u>\$ 3,979</u> | <u>\$ 1,395</u> | <u>\$ (2,584)</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Immigrant Education
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$1,266 | \$1,266 | \$1,266 | \$0 |
| Total Revenues | 1,266 | 1,266 | 1,266 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | | | | |
| Salaries | 1,266 | 1,266 | 1,266 | 0 |
| Total - Special | 1,266 | 1,266 | 1,266 | 0 |
| Total - Instruction: | 1,266 | 1,266 | 1,266 | 0 |
| Total Expenditures | 1,266 | 1,266 | 1,266 | 0 |
| Excess of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$0 | \$0 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$62,766 | \$62,766 | \$62,766 | \$0 |
| Total Revenues | 62,766 | 62,766 | 62,766 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | | | | |
| Salaries | 33,842 | 33,842 | 27,217 | 6,625 |
| Fringe Benefits | 5,121 | 5,121 | 4,510 | 611 |
| Materials and Supplies | 5,292 | 5,292 | 5,292 | 0 |
| Total - Special | 44,255 | 44,255 | 37,019 | 7,236 |
| Total - Instruction: | 44,255 | 44,255 | 37,019 | 7,236 |
| Support Services: | | | | |
| Instructional Staff | | | | |
| Salaries | 9,127 | 9,127 | 9,127 | 0 |
| Fringe Benefits | 1,461 | 1,461 | 1,461 | 0 |
| Purchased Services | 6,023 | 6,023 | 6,023 | 0 |
| Materials and Supplies | 1,900 | 1,900 | 1,900 | 0 |
| Total - Instructional Staff | 18,511 | 18,511 | 18,511 | 0 |
| Total - Support Services: | 18,511 | 18,511 | 18,511 | 0 |
| Total Expenditures | 62,766 | 62,766 | 55,530 | 7,236 |
| Excess of Revenues Over (Under) Expenditures | 0 | 0 | 7,236 | 7,236 |
| Net Change in Fund Balances | 0 | 0 | 7,236 | 7,236 |
| Fund Balance (Deficit) at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$7,236 | \$7,236 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$9,926 | \$9,927 | \$9,927 | \$0 |
| Total Revenues | 9,926 | 9,927 | 9,927 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | | | | |
| Salaries | 9,926 | 9,927 | 9,927 | 0 |
| Total - Special | 9,926 | 9,927 | 9,927 | 0 |
| Total - Instruction: | 9,926 | 9,927 | 9,927 | 0 |
| Total Expenditures | 9,926 | 9,927 | 9,927 | 0 |
| Excess of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Refund of Prior Year Receipts | (116) | (116) | (116) | 0 |
| Total - Refund of Prior Year Receipts | (116) | (116) | (116) | 0 |
| Total Other Financing Sources and Uses | (116) | (116) | (116) | 0 |
| Net Change in Fund Balances | (116) | (116) | (116) | 0 |
| Fund Balance (Deficit) at Beginning of Year | 116 | 116 | 116 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Education (Title IV-A)
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$5,201 | \$4,198 | \$4,198 | \$0 |
| Total Revenues | 5,201 | 4,198 | 4,198 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Pupils | | | | |
| Salaries | 3,581 | 3,081 | 3,067 | 14 |
| Purchased Services | 676 | 626 | 626 | 0 |
| Materials and Supplies | 896 | 946 | 947 | (1) |
| Total - Pupils | 5,153 | 4,653 | 4,640 | 13 |
| Total - Support Services: | 5,153 | 4,653 | 4,640 | 13 |
| Total Expenditures | 5,153 | 4,653 | 4,640 | 13 |
| Excess of Revenues Over (Under) Expenditures | 48 | (455) | (442) | 13 |
| OTHER FINANCING SOURCES AND USES: | | | | |
| Refund of Prior Year Receipts | (48) | (48) | (48) | 0 |
| Total - Refund of Prior Year Receipts | (48) | (48) | (48) | 0 |
| Total Other Financing Sources and Uses | (48) | (48) | (48) | 0 |
| Net Change in Fund Balances | 0 | (503) | (490) | 13 |
| Fund Balance (Deficit) at Beginning of Year | 47 | 47 | 47 | 0 |
| Prior Year Encumbrances Appropriated | 956 | 956 | 956 | 0 |
| Fund Balance (Deficit) at End of Year | \$1,003 | \$500 | \$513 | \$13 |

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

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$9,739 | \$9,739 | \$9,739 | \$0 |
| Total Revenues | 9,739 | 9,739 | 9,739 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | | | | |
| Salaries | 9,739 | 9,739 | 9,739 | 0 |
| Total - Instructional Staff | 9,739 | 9,739 | 9,739 | 0 |
| Total - Support Services: | 9,739 | 9,739 | 9,739 | 0 |
| Total Expenditures | 9,739 | 9,739 | 9,739 | 0 |
| Excess of Revenues Over (Under) Expenditures | 0 | 0 | 0 | 0 |
| Net Change in Fund Balances | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$0 | \$0 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Professional Development Committee
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------|---------------------------------------|
| OTHER FINANCING SOURCES AND USES: | | | | |
| Refund of Prior Year Receipts | (\$5,923) | (\$5,923) | (\$5,923) | \$0 |
| Total - Refund of Prior Year Receipts | (5,923) | (5,923) | (5,923) | 0 |
| Total Other Financing Sources and Uses | (5,923) | (5,923) | (5,923) | 0 |
| Net Change in Fund Balances | (5,923) | (5,923) | (5,923) | 0 |
| Fund Balance (Deficit) at Beginning of Year | 5,923 | 5,923 | 5,923 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title II-A
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$30,352 | \$30,352 | \$30,352 | \$0 |
| Total Revenues | 30,352 | 30,352 | 30,352 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Special | | | | |
| Salaries | 33,960 | 33,960 | 30,120 | 3,840 |
| Total - Special | 33,960 | 33,960 | 30,120 | 3,840 |
| Total - Instruction: | 33,960 | 33,960 | 30,120 | 3,840 |
| Total Expenditures | 33,960 | 33,960 | 30,120 | 3,840 |
| Excess of Revenues Over (Under) Expenditures | (3,608) | (3,608) | 232 | 3,840 |
| Net Change in Fund Balances | (3,608) | (3,608) | 232 | 3,840 |
| Prior Year Encumbrances Appropriated | 3,608 | 3,608 | 3,608 | 0 |
| Fund Balance (Deficit) at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | \$0 | \$0 | \$3,840 | \$3,840 |

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title II-D
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|---------------|---------------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$1,698 | \$1,699 | \$1,699 | \$0 |
| Total Revenues | 1,698 | 1,699 | 1,699 | 0 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Support Services: | | | | |
| Instructional Staff | | | | |
| Purchased Services | 424 | 424 | 424 | 0 |
| Total - Instructional Staff | 424 | 424 | 424 | 0 |
| Central | | | | |
| Capital Outlay | 1,274 | 1,274 | 1,274 | 0 |
| Total - Central | 1,274 | 1,274 | 1,274 | 0 |
| Total - Support Services: | 1,698 | 1,698 | 1,698 | 0 |
| Total Expenditures | 1,698 | 1,698 | 1,698 | 0 |
| Excess of Revenues Over (Under) Expenditures | 0 | 1 | 1 | 0 |
| Net Change in Fund Balances | 0 | 1 | 1 | 0 |
| Fund Balance (Deficit) at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance (Deficit) at End of Year | <u>\$0</u> | <u>\$1</u> | <u>\$1</u> | <u>\$0</u> |

Beachwood City Schools
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Care Benefits
For the Fiscal Year Ended June 30, 2004

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| OPERATING REVENUES: | | | | |
| Other Revenues | \$ 72,000 | \$ 72,000 | \$ 60,000 | \$ (12,000) |
| Total Operating Revenues | <u>72,000</u> | <u>72,000</u> | <u>60,000</u> | <u>(12,000)</u> |
| OPERATING EXPENSES: | | | | |
| Claims | <u>89,000</u> | <u>89,000</u> | <u>88,632</u> | <u>368</u> |
| Total Operating Expenses | <u>89,000</u> | <u>89,000</u> | <u>88,632</u> | <u>368</u> |
| Operating Income (Loss) | <u>(17,000)</u> | <u>(17,000)</u> | <u>(28,632)</u> | <u>(11,632)</u> |
| Income (Loss) Before Contributions and Transfers | <u>(17,000)</u> | <u>(17,000)</u> | <u>(28,632)</u> | <u>(11,632)</u> |
| Net Change in Net Assets | (17,000) | (17,000) | (28,632) | (11,632) |
| Net Assets (Deficit) at Beginning of Year | <u>144,813</u> | <u>144,813</u> | <u>144,813</u> | <u>0</u> |
| Net Assets (Deficit) at End of Year | <u>\$ 127,813</u> | <u>\$ 127,813</u> | <u>\$ 116,181</u> | <u>\$ (11,632)</u> |

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Beachwood City School District
 General Governmental Expenditures by Function
 Last Ten Years

| | <u>Full Accrual</u> <u>2004</u> | <u>Modified Accrual</u> <u>2004</u> | <u>Full Accrual</u> <u>2003</u> | <u>Modified Accrual</u> <u>2003</u> | <u>2002</u> |
|----------------------------|------------------------------------|--|------------------------------------|--|---------------------|
| Instruction | \$17,358,541 | \$18,098,823 | \$17,011,004 | \$16,705,851 | \$12,444,438 |
| Support Services: | | | | | |
| Pupil | 2,916,828 | 2,858,960 | 2,688,550 | 2,614,236 | 1,526,258 |
| Instructional Staff | 999,100 | 941,591 | 971,811 | 966,523 | 1,071,638 |
| Board of Education | 424,172 | 401,284 | 284,394 | 263,595 | 294,226 |
| Administration | 2,467,679 | 2,487,798 | 2,398,216 | 2,466,060 | 2,200,992 |
| Fiscal | 748,653 | 754,590 | 696,353 | 688,430 | 714,044 |
| Business | 648,341 | 668,183 | 579,234 | 580,659 | 630,943 |
| Operation and | | | | | |
| Maintenance of Plant | 3,681,893 | 3,538,967 | 3,511,269 | 3,491,718 | 3,374,674 |
| Pupil Transportation | 1,984,406 | 1,871,614 | 1,764,492 | 1,646,430 | 1,399,834 |
| Central | 917,378 | 983,114 | 902,864 | 1,029,550 | 705,474 |
| Non-instructional | 689,308 | 633,396 | 683,080 | 626,473 | 0 |
| Extracurricular Activities | 957,096 | 918,184 | 944,606 | 932,594 | 560,197 |
| Capital Outlay | 0 | 4,900,809 | 647,931 | 11,379,293 | 0 |
| Debt Service | 937,935 | 3,233,845 | 1,027,560 | 2,659,098 | 0 |
| Total | <u>\$34,731,330</u> | <u>\$42,291,158</u> | <u>\$34,111,364</u> | <u>\$46,050,510</u> | <u>\$24,922,718</u> |

Source: School District Financial Records

(1) Years 1994 - 2002 are reported on a modified accrual basis and include general fund and special revenue funds.

Fiscal years 2003-2004 are reported on both a modified and full accrual basis and includes all governmental activities

| <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> | <u>1995</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$12,480,877 | \$11,028,622 | \$10,302,192 | \$9,794,051 | \$9,114,562 | \$8,548,145 | \$8,275,956 |
| 1,427,985 | 1,256,974 | 1,230,135 | 1,330,343 | 1,329,622 | 1,293,108 | 1,217,709 |
| 1,047,790 | 978,753 | 854,324 | 850,369 | 837,004 | 855,671 | 910,788 |
| 373,165 | 592,182 | 286,573 | 231,410 | 223,210 | 185,688 | 180,974 |
| 2,309,469 | 2,009,038 | 2,020,920 | 1,772,108 | 1,655,143 | 1,803,786 | 1,584,261 |
| 673,265 | 703,634 | 654,159 | 598,323 | 608,885 | 577,656 | 526,617 |
| 604,000 | 595,903 | 470,691 | 490,540 | 451,768 | 467,578 | 412,006 |
| 3,479,271 | 3,141,249 | 2,861,431 | 2,549,054 | 2,583,308 | 2,583,644 | 2,540,382 |
| 1,468,315 | 1,203,800 | 1,185,776 | 1,123,682 | 1,134,748 | 1,162,692 | 1,116,312 |
| 841,294 | 726,553 | 499,374 | 389,466 | 348,814 | 383,737 | 288,822 |
| 0 | 0 | 0 | 7,847 | 0 | 6,317 | 6,154 |
| 439,146 | 360,081 | 322,261 | 313,744 | 279,267 | 262,049 | 249,025 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$25,144,577</u> | <u>\$22,596,789</u> | <u>\$20,687,836</u> | <u>\$19,450,937</u> | <u>\$18,566,331</u> | <u>\$18,130,071</u> | <u>\$17,309,006</u> |

Beachwood City School District
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

| | Full Accrual 2004 | Modified Accrual 2004 | Full Accrual 2003 | Modified Accrual 2003 | 2002 |
|---|----------------------|--------------------------|----------------------|--------------------------|---------------------|
| Program Revenues: | | | | | |
| Charges for services and sales | \$4,003,403 | n/a | \$4,181,340 | n/a | n/a |
| Operating grants and contributions | 1,421,420 | n/a | 1,356,195 | n/a | n/a |
| Capital grants and contributions | 7,467 | n/a | 39,089 | n/a | n/a |
| General Revenues | | | | | |
| Taxes | 27,811,470 | 27,589,977 | 25,000,564 | 24,239,246 | 21,737,304 |
| Tuition and Fees | 0 | 2,907,822 | 0 | 3,409,836 | 568,401 |
| Interest | 125,271 | 124,275 | 364,914 | 365,761 | 264,216 |
| Grants and entitlements not restricted | 4,549,844 | 6,142,734 | 4,089,674 | 5,261,381 | 3,005,798 |
| Gain (Loss) on disposal of capital assets | 0 | 0 | (162,647) | 0 | 0 |
| Miscellaneous Revenue from | | | | | |
| Local Sources | 61,711 | 1,187,060 | 22,052 | 808,141 | 63,691 |
| Total | <u>\$37,980,586</u> | <u>\$37,951,868</u> | <u>\$34,891,181</u> | <u>\$34,084,365</u> | <u>\$25,639,410</u> |

Source: School District Financial Records

- 1). Fiscal years 1994 - 2002 are reported on a modified accrual basis and include the general fund and special revenue funds.
Fiscal years 2003 - 2004 are reported on both the modified and full accrual basis and include all governmental activities.

| <u>2001</u> | <u>2000</u> | <u>1999</u> | <u>1998</u> | <u>1997</u> | <u>1996</u> | <u>1995</u> |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| 20,975,640 | 18,784,502 | 18,579,347 | 17,540,448 | 16,809,907 | 16,175,106 | 15,183,032 |
| 689,572 | 184,932 | 119,779 | 271,174 | 319,637 | 110,543 | 165,486 |
| 530,938 | 485,893 | 450,823 | 431,244 | 291,216 | 255,758 | 232,090 |
| 2,766,640 | 2,609,534 | 2,450,867 | 2,360,848 | 2,274,894 | 2,162,270 | 2,098,907 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| <u>176,644</u> | <u>58,766</u> | <u>62,476</u> | <u>91,398</u> | <u>269,038</u> | <u>87,607</u> | <u>200,496</u> |
| <u><u>\$25,139,434</u></u> | <u><u>\$22,123,627</u></u> | <u><u>\$21,663,292</u></u> | <u><u>\$20,695,112</u></u> | <u><u>\$19,964,692</u></u> | <u><u>\$18,791,284</u></u> | <u><u>\$17,880,011</u></u> |

**Beachwood City School District
Property Tax Levies and Collections
Real and Personal Property Taxes (1)
Last Ten Calendar Years**

| Tax Year/ Collection Year | Current Levy | Delinquent Levy | Total Levy | Current Collection | Percent of | | Total Collection | Total Collection | Total Collected As a Percent of Current Levy |
|---------------------------------|-----------------|--------------------|---------------|-----------------------|---------------------------|--------------------------|---------------------|---------------------|--|
| | | | | | Current Levy Collected | Delinquent Collection | | | |
| 2003/2004 | \$30,327,678 | \$2,136,544 | \$32,464,222 | \$28,239,734 | 86.99% | \$893,478 | \$29,133,212 | 96.1% | |
| 2002/2003 | 30,062,190 | 1,842,359 | 31,904,549 | 26,350,939 | 82.59% | 380,546 | 26,731,485 | 88.9% | |
| 2001/2002 | 25,229,116 | 2,485,421 | 27,714,537 | 23,490,605 | 93.11% | 1,334,269 | 24,824,874 | 98.4% | |
| 2000/2001 | 24,043,459 | 1,313,444 | 25,356,903 | 22,496,799 | 93.57% | 1,468,741 | 23,965,540 | 99.7% | |
| 1999/2000 | 23,369,923 | 1,153,949 | 24,523,872 | 22,756,093 | 97.37% | 662,490 | 23,418,583 | 100.2% | |
| 1998/1999 | 22,044,802 | 1,163,401 | 23,208,203 | 21,118,474 | 95.80% | 752,386 | 21,870,860 | 99.2% | |
| 1997/1998 | 20,900,491 | 1,244,733 | 22,145,224 | 19,998,904 | 95.69% | 599,164 | 20,598,068 | 98.6% | |
| 1996/1997 | 18,596,070 | 1,236,807 | 19,832,877 | 18,100,987 | 97.3% | 643,217 | 18,744,204 | 100.8% | |
| 1995/1996 | 18,267,474 | 1,140,768 | 19,408,242 | 17,099,591 | 93.6% | 390,735 | 17,490,326 | 95.7% | |
| 1994/1995 | 18,149,911 | 2,792,237 | 20,942,148 | 17,211,067 | 94.8% | 1,681,481 | 18,892,548 | 104.1% | |

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

(1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as intergovernmental revenue.

Beachwood City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

| Tax Year/ Collection Year | Agricultural And Residential | Other | Public | Tangible | Total | Estimated | Ratio |
|------------------------------|---------------------------------|---------------|---------------------|--------------|-----------------------|-----------------|-------|
| | Real Estate | Real Estate | Utility Personal | Personal | Assessed Valuation | Actual Value | |
| 2003/2004 | \$329,036,850 | \$353,236,790 | \$13,265,590 | \$59,598,455 | \$755,137,685 | \$2,223,551,509 | 34% |
| 2002/2003 | 289,676,150 | 329,433,890 | 11,948,350 | 72,216,204 | 703,274,594 | 2,096,447,000 | 34% |
| 2001/2002 | 288,676,070 | 325,090,610 | 21,361,060 | 77,360,149 | 712,487,889 | 2,087,333,614 | 34% |
| 2000/2001 | 287,492,690 | 322,746,760 | 14,601,620 | 73,392,504 | 698,233,574 | 2,053,704,052 | 34% |
| 1999/2000 | 263,927,060 | 275,087,650 | 18,279,300 | 68,012,471 | 625,306,481 | 1,832,863,845 | 34% |
| 1998/1999 | 261,109,480 | 265,821,240 | 20,322,810 | 64,860,358 | 612,113,888 | 1,788,051,877 | 34% |
| 1997/1998 | 259,144,980 | 247,799,030 | 18,944,410 | 53,657,332 | 579,545,752 | 1,684,568,605 | 34% |
| 1996/1997 | 242,577,970 | 225,986,570 | 20,025,830 | 48,897,801 | 537,488,171 | 1,557,103,600 | 35% |
| 1995/1996 | 242,188,780 | 213,121,340 | 18,884,910 | 43,496,246 | 517,691,276 | 1,479,117,931 | 35% |
| 1994/1995 | 243,276,140 | 210,328,890 | 20,133,470 | 43,939,322 | 517,677,822 | 1,479,079,491 | 35% |

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

**Beachwood City School District
Property Tax Rates - Direct and Overlapping
(per \$1,000 Assessed Valuation)
Last Ten Calendar Years**

| Tax Year/ Collection Year | School Levy | County Levy | City Levy | Total Levy | Debt Service Included in Total Levy | | |
|---------------------------------|----------------|----------------|--------------|---------------|--|--------|-------|
| | | | | | School | County | Total |
| 2003/2004 | 77.50 | 19.40 | 4.00 | 100.90 | 3.00 | 0.91 | 3.91 |
| 2002/2003 | 77.50 | 17.60 | 4.00 | 99.10 | 3.00 | 0.86 | 3.86 |
| 2001/2002 | 67.90 | 17.60 | 4.00 | 89.50 | 1.40 | 0.86 | 2.26 |
| 2000/2001 | 67.90 | 17.60 | 4.00 | 89.50 | 1.40 | 0.79 | 2.19 |
| 1999/2000 | 68.00 | 16.70 | 4.00 | 88.70 | 1.50 | 0.85 | 2.35 |
| 1998/1999 | 68.10 | 16.70 | 4.00 | 88.80 | 1.60 | 0.72 | 2.32 |
| 1997/1998 | 67.50 | 18.00 | 4.00 | 89.50 | 1.00 | 0.60 | 1.60 |
| 1996/1997 | 67.80 | 18.00 | 4.00 | 89.80 | 1.30 | 0.90 | 2.20 |
| 1995/1996 | 65.10 | 18.00 | 4.00 | 87.10 | 1.30 | 0.87 | 2.17 |
| 1994/1995 | 65.30 | 18.20 | 4.00 | 87.50 | 1.50 | 0.76 | 2.26 |

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis
consistent with the County Auditor's method of maintaining the information.

**Beachwood City School District
Computation of Legal Debt Margin
June 30, 2004**

| | |
|---|-----------------------------|
| Assessed Valuation (2003) | <u><u>\$755,137,685</u></u> |
| Bonded Debt Limit - 9% of Assessed Value (1) | \$67,962,392 |
| Amount of Debt Applicable to Debt Limit: Bonded Debt | 17,509,982 |
| | <hr/> |
| Voted Debt Margin | <u><u>\$50,452,410</u></u> |
| | |
| Bonded Debt Limit - .1% of Assessed Value (1) | \$755,138 |
| Amount of Debt Applicable | 0 |
| | <hr/> |
| Unvoted Debt Margin | <u><u>\$755,138</u></u> |

(1) Bond Law by Ohio Revised Code sets a limit of 9% for voted debt margin and .1% for unvoted debt.

**Beachwood City School District
 Computation of Direct and Overlapping Debt
 General Obligation
 As of December 31, 2003**

| <u>Jurisdiction</u> | <u>General Obligation Debt Outstanding</u> | <u>Percentage Applicable to School District (1)</u> | <u>Amount Applicable to School District</u> |
|--------------------------------|--|---|---|
| <i>Direct Debt:</i> | | | |
| Beachwood City School District | \$17,509,982 | 100.00% | \$17,509,982 |
| <i>Overlapping Debt:</i> | | | |
| Cuyahoga County | 183,239,636 | 2.46% | 4,507,695 |
| Regional Transit Authority | 100,855,000 | 2.46% | 2,481,033 |
| City of Beachwood | 11,383,000 | 99.6600% | 11,344,298 |
| City of Pepper Pike | 4,924,051 | 0.3400% | 16,742 |
| Total | <u>\$317,911,669</u> | | <u>\$35,859,750</u> |

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision by the total assessed valuation, which includes all overlapping valuation. The valuations used were for the 2002 collection year.

**Beachwood City School District
Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures
Last Ten Calendar Years**

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Total General Fund Expenditures (1)</u> | <u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u> |
|-------------|------------------|-----------------|-------------------------------|--|--|
| 2004 | \$1,915,000 | \$939,886 | \$2,854,886 | \$28,762,938 | 9.93% |
| 2003 | 1,549,000 | 910,926 | 2,459,926 | 27,669,100 | 8.89% |
| 2002 | 699,000 | 278,690 | 977,690 | 25,465,985 | 3.84% |
| 2001 | 655,000 | 323,701 | 978,701 | 25,595,497 | 3.82% |
| 2000 | 586,000 | 357,995 | 943,995 | 22,928,160 | 4.12% |
| 1999 | 362,400 | 384,503 | 746,903 | 20,970,609 | 3.56% |
| 1998 | 267,200 | 539,841 | 807,041 | 19,649,537 | 4.11% |
| 1997 | 220,200 | 409,640 | 629,840 | 18,761,617 | 3.36% |
| 1996 | 351,406 | 428,920 | 780,326 | 18,509,279 | 4.22% |
| 1995 | 346,406 | 452,678 | 799,084 | 17,782,762 | 4.49% |

Source: School District Financial Records

(1) Includes other financing uses.

**Beachwood City School District
Building Permits
Last Ten Calendar Years**

| <u>Year</u> | <u>Value of Building Permits Issued</u> |
|-------------|---|
| 2003 | \$27,770,000 |
| 2002 | 21,951,000 |
| 2001 | 45,900,000 |
| 2000 | 15,517,000 |
| 1999 | 17,815,775 |
| 1998 | 16,505,000 |
| 1997 | 41,487,800 |
| 1996 | 41,110,000 |
| 1995 | 12,649,092 |
| 1994 | 47,843,501 |

Source: City of Beachwood Building Department

Beachwood City School District
Property Value, Construction and Bank Deposits
Last Ten Calendar Years

| Calendar Year | Number of | | Construction Value (a) | Number of Residential Units | Construction Value (a) | Cuyahoga County Bank Deposits (b) (in \$000's) | Tax Valuation | | Total Assessed |
|---------------|------------------|-------------------|------------------------|-----------------------------|------------------------|--|------------------------|---------------------|----------------|
| | Commercial Units | Residential Units | | | | | Residential Agric. (c) | Commercial Other(c) | |
| 2003 | 3 | 11 | \$22,500,000 | 11 | \$5,270,000 | \$97,238,973 | \$329,036,850 | \$353,236,790 | \$755,137,685 |
| 2002 | 8 | 2 | 20,951,100 | 2 | \$1,000,000 | 95,761,917 | 289,676,150 | 329,433,890 | 703,274,594 |
| 2001 | 4 | 4 | 45,250,000 | 4 | 650,000 | 63,893,769 | 288,676,070 | 325,090,610 | 712,487,889 |
| 2000 | 4 | 4 | 13,835,000 | 4 | 1,682,000 | 61,942,764 | 287,492,690 | 322,746,760 | 698,233,574 |
| 1999 | 4 | 4 | 15,615,775 | 4 | 2,200,000 | 57,021,360 | 263,927,060 | 275,087,650 | 625,306,481 |
| 1998 | 3 | 4 | 14,750,000 | 4 | 1,755,000 | 56,770,353 | 261,109,480 | 265,821,240 | 612,113,888 |
| 1997 | 3 | 13 | 37,300,000 | 13 | 4,187,800 | 53,941,971 (d) | 259,144,980 | 247,799,030 | 579,545,772 |
| 1996 | 3 | 13 | 35,320,000 | 13 | 5,790,000 | 27,068,211 | 242,577,970 | 225,986,570 | 537,488,171 |
| 1995 | 2 | 9 | 66,000 | 9 | 2,740,000 | 22,458,673 | 242,188,780 | 213,121,340 | 517,691,276 |
| 1994 | 2 | 4 | 38,000 | 4 | 1,315,000 | 20,885,453 | 243,276,140 | 210,328,890 | 517,677,822 |

Source: a) Beachwood City Building Department
b) Federal Reserve Bank of Cleveland (total demand, time and savings deposits) for Cuyahoga County, Ohio Banks
c) Cuyahoga County Auditor
d) Large increase in deposits due to Key Bank becoming a single charter in 1997

**Beachwood City School District
Principal Property Taxpayers
Real Estate Tax
December 31, 2003**

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>% of Total Assessed Valuation (1)</u> |
|----------------------------|---------------------------|-------------------------------|--|
| Beachwood Place Limited | Mall | \$44,489,830 | 12.59% |
| Bracebridge Corp. | Retail | 31,490,670 | 8.91% |
| Cleveland Clinic | Health Care | 13,373,470 | 3.79% |
| Hamptons Apartment | Apartments | 10,846,510 | 3.07% |
| Doublewood Corp. | Hotel | 10,770,100 | 3.05% |
| Village Green of Beachwood | Condominiums | 10,733,980 | 3.04% |
| Beachwood Place | Retail | 9,285,860 | 2.63% |
| Dillards | Retail | 7,418,220 | 2.10% |
| Embassy Equity Development | Development | 6,475,630 | 1.83% |
| HCRI Beachwood Inc. | Retail | 6,421,910 | 1.82% |
| | | <u>\$151,306,180</u> | <u>42.83%</u> |
| Total Commercial Valuation | | <u>\$353,236,790</u> | |

Source: Cuyahoga County Auditor

**Beachwood City School District
Principal Property Taxpayers
Tangible Personal Property Tax
December 31, 2003**

| <u>Name of Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>% of Total Tangible Personal Property Valuation</u> |
|--|---------------------------|-------------------------------|--|
| MBNA Ohio Properties, Inc. | Banking | \$4,279,460 | 7.18% |
| The Higbee Company | Retail sales | 3,004,880 | 5.04% |
| Nordstrom Inc. | Retail sales | 2,858,300 | 4.80% |
| Crestmont Cadillac | Car dealership | 2,212,170 | 3.71% |
| Saks Fifth Avenue | Retail sales | 1,752,790 | 2.94% |
| De Lage Landed Services LLC | Service | 1,557,740 | 2.61% |
| Tremco | Roofing | 1,356,600 | 2.28% |
| Hexagram Inc. | Retail sales | 1,055,050 | 1.77% |
| Engelhard Corp. | Research | 1,001,390 | 1.68% |
| DeGussa Construction Chemicals | Construction | 938,790 | 1.58% |
| Officemax, Inc. | Retail sales | 935,260 | 1.57% |
| Developers Diversified | Advertisement | 912,560 | 1.53% |
| Total | | <u>\$21,864,990</u> | <u>36.69%</u> |
| Total Tangible Personal Property Valuation | | <u>\$59,598,455</u> | |

Source: Cuyahoga County Auditor

Beachwood City School District
Cost to Educate a 2004 Graduate

| <u>Year</u> | <u>Grade</u> | <u>Annual Cost Per Pupil</u> |
|-------------|--------------|----------------------------------|
| 2004 | 12 | \$18,518 |
| 2003 | 11 | 18,173 |
| 2002 | 10 | 16,386 |
| 2001 | 9 | 15,445 |
| 2000 | 8 | 14,356 |
| 1999 | 7 | 13,356 |
| 1998 | 6 | 12,730 |
| 1997 | 5 | 12,596 |
| 1996 | 4 | 12,209 |
| 1995 | 3 | 12,224 |
| 1994 | 2 | 12,531 |
| 1993 | 1 | 11,247 |
| 1992 | K | <u>10,549</u> |
| | | <u><u>\$180,320</u></u> |

Source: School District Records

**Beachwood City School District
Enrollment Statistics
Last Ten Years**

| <u>Year</u> | <u>General Fund Expenditures (1)</u> | <u>Average Daily Membership (2)</u> | <u>Per Pupil Cost</u> |
|-------------|--|---|-----------------------|
| 2004 | \$28,498,892 | 1,539 | \$18,518 |
| 2003 | 27,641,345 | 1,521 | 18,173 |
| 2002 | 24,922,718 | 1,521 | 16,386 |
| 2001 | 25,144,577 | 1,628 | 15,445 |
| 2000 | 22,596,789 | 1,574 | 14,356 |
| 1999 | 20,687,836 | 1,549 | 13,356 |
| 1998 | 19,450,937 | 1,528 | 12,730 |
| 1997 | 18,566,331 | 1,474 | 12,596 |
| 1996 | 18,130,071 | 1,485 | 12,209 |
| 1995 | 17,309,006 | 1,416 | 12,224 |

Source: School District Financial Records

(1) Excludes other financing sources

(2) Excludes preschool enrollment

Beachwood City School District
 Student Demographic Information
 For the Year Ended June 30, 2004

| <u>Grade</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
|--------------|-------------|---------------|--------------|
| Pre | 12 | 5 | 17 |
| K | 28 | 38 | 66 |
| 1 | 37 | 43 | 80 |
| 2 | 63 | 40 | 103 |
| 3 | 41 | 37 | 78 |
| 4 | 58 | 51 | 109 |
| 5 | 65 | 63 | 128 |
| 6 | 66 | 40 | 106 |
| 7 | 53 | 60 | 113 |
| 8 | 61 | 60 | 121 |
| 9 | 76 | 69 | 145 |
| 10 | 75 | 64 | 139 |
| 11 | 96 | 82 | 178 |
| 12 | 127 | 86 | 213 |
| | <u>858</u> | <u>738</u> | <u>1,596</u> |

| <u>Ethnic</u> | <u>Total</u> | <u>Percent</u> |
|--------------------|--------------|----------------|
| Caucasian American | 1,218 | 76.3% |
| African American | 241 | 15.1% |
| Asian American | 96 | 6.0% |
| Hispanic American | 11 | 0.7% |
| Multi-Racial | 30 | 1.9% |



**Auditor of State
Betty Montgomery**

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800-282-0370

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**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 10, 2005**