

**Chagrin Falls, Ohio
Exempted Village
School District**

**Comprehensive
Annual Financial Report**

For the Fiscal Year Ended June 30, 2005

Prepared by

Treasurer's Office
Stephen L. Osborne, CPA
Treasurer



**Auditor of State
Betty Montgomery**

Board of Trustees
Chagrin Falls Exempted Village School District
77 East Washington Street
Chagrin Falls, Ohio 44022

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

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 20, 2005

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**INTRODUCTORY
SECTION**

Chagrin Falls Exempted Village School District
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Chagrin Falls Exempted Village Schools

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STEPHEN OSBORNE
Treasurer

November 29, 2005

Board of Education Members and Residents of the Chagrin Falls Exempted Village School District

We are pleased to submit to you the Chagrin Falls Exempted Village School District's Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the School District for the fiscal year ended June 30, 2005. This CAFR includes an audit opinion from the independent accounting firm of Rea & Associates, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Chagrin Falls Exempted Village School District with comprehensive financial data in a format of which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the local villages and cities comprising the School District, the Cuyahoga and Geauga County Public Libraries, major taxpayers, financial rating services, and other interested parties.

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

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, an Organization Chart of the School District and the Government Finance Officer's Association (GFOA) Certificate of Achievement.
2. The Financial Section, which begins with the Report of Independent Accountants and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the General Purpose Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends and the fiscal capacity of the Chagrin Falls Exempted Village School District.

The School District

The Chagrin Falls Exempted Village School District is located in both Cuyahoga and Geauga counties in northeastern Ohio, approximately thirteen miles east of the City of Cleveland. The School District's territory encompasses the entire territory of Chagrin Falls Township and the Villages of Chagrin Falls, Bentleyville, South Russell and a portion of the territories of the Village of Moreland Hills and the Townships of Bainbridge and Russell.

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

The Reporting Entity

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

The Lake Geauga Computer Association (LGCA) and the Ohio Schools Council are jointly governed organizations whose relationship to the School District is described in Note 15 to the basic financial statements. The School District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool that is described in Note 16 to the basic financial statements.

Major Initiatives

The 2004-2005 school year was another exceptional year for the Chagrin Falls Exempted Village School District. The Ohio Department of Education published its rating of school districts based upon academic performance. Once again, the School District maintained its *Excellent* rating on the Ohio Department of Education Report Card. This acknowledgment is awarded to those districts meeting or exceeding 17 of the 18 performance standards determined by the State. The School District has earned an *Excellent* rating for the past seven years

During the 2004-2005 school year, the residents of the school district approved a 1.4 mill bond issue (providing \$9,950,000) to finance a variety of capital projects. These projects include the construction/furnishing of a new auditorium (to be located on the 7-12 campus), refurbishing the high school kitchen, technology upgrades (including safety, network and telephone upgrades), renovation of the stadium (including new restrooms) and the refurbishing of the Intermediate and high schools (roofing, HVAC, plumbing and masonry). The stadium renovation and Intermediate School roofing projects were initiated during the summer of 2005, while a majority of the other projects will begin in 2006.

Gurney Elementary School continues to be the foundation for our students' base of learning. The implementation of the Responsive Classroom Program was a focus in this building, as seven teachers traveled to Cincinnati to be trained in the program and then returned to train their grade level teams. The Responsive Classroom Program consists of the following components:

Morning Meeting – a daily routine that builds community, creates a positive climate for learning and reinforces academic and social skills.

Rules and Logical Consequences – A clear and consistent approach to discipline that fosters responsibility and self-control.

Guided Discovery – A format for introducing materials that encourages inquiry, heightens interest, and teaches care of the school environment.

Academic Choice – An approach to giving children choices in their learning that helps them become invested, self-motivated learners.

Classroom Organization - Strategies for arranging materials, furniture, and displays to encourage independence, promote caring, and maximize learning.

Family Communication Strategies – Ideas for involving families as true partners in their children’s education.

For the second year in a row, a Chagrin Falls elementary school was selected as a Hall of Fame School in 2005. The Intermediate School was selected as one of only eight elementary schools in the State of Ohio to receive this award. The Ohio Association of Elementary School Administrators (OEASA) sponsors this recognition each year. Nominated elementary schools must submit written documentation substantiating the quality of their overall educational program: instruction, achievement, personnel, school management and community involvement, followed by a site visit of the evaluation committee. Gurney Elementary School was awarded this recognition in 2004. The fourth and sixth grade students at the Intermediate School were proficient in all areas of the State proficiency tests. Integration of technology into the curriculum was again a focus at the Intermediate School this past year, utilizing SMARTBOARDS (provided by grants and parent support groups) as an additional classroom resource, as well as United Streaming, a resource that gave our teachers access to 26,000 video clips that tie directly to our curriculum.

The Middle School continued to provide an array of education opportunities to students through the offering of 45 class selections including computer science, modular technology, drama, foreign languages, music, art and consumer science. An emphasis on high academic standards, exploratory courses, individualized instruction and small student-to-teacher ratios contributed to providing a challenging and rewarding environment. Students took the first Ohio Achievement test in seventh and eighth grade mathematics and eighth grade reading. 94% of the seventh grade and 92% of the eighth grade students received the rating of proficient or higher on the mathematics test, while 96% of the eighth graders were proficient or higher on the reading test. All seventh grade science students participated in “Operation Montserrat” – a distance learning simulation that provided a high tech experience with math and science. Students also participated in two nationwide programs for talented youth. The Joseph Baldwin Academy and the Midwest Talent Search are two summer programs designed to identify and provide enrichment programs for young scholars.

Dr. Susan Tave Zelman, the State Superintendent of Public Instruction, nominated Chagrin Falls High School for the National Blue Ribbon Award in early 2004. On September 23, 2004, Kristine Cohn from the U.S. Department of Education presented the Chagrin Falls High School with the Blue Ribbon Award, a very prestigious national honor. Chagrin Falls High School continues to be recognized as one of the top 100 high schools in the nation by Newsweek magazine. The rating is based on an exceptional Advanced Placement (AP) program and the offering of 20 AP classes. Twelve National Merit commended students, along with two finalists, highlighted the commitment to academic excellence. Three hundred nine (309) students took 558 AP exams. Over ninety percent (90%) of graduating seniors took part in the senior project, which provided them with an opportunity to experience on-the-job training in various career settings. All students had the opportunity to participate in various extra-curricular activities and student enrichment programs. The School is committed to the full development of its students through 24 varsity sports and an intramural program.

The Chagrin Falls Parent Teacher Organization (PTO), Dads’ Club, the Chagrin Falls Education Foundation, Music Lovers, the Chagrin Falls Boosters, the Open Parent Education Network (OPEN), and the Parent’s Club continue to be major support groups to the School District, contributing over \$700,000 in equipment and services this past year. Projects included funding for playground equipment, musical instruments, audio-visual equipment, classroom supplies, field trips, assemblies, and supplemental professional development opportunities for interested faculty members. The Foundation also provided several thousand dollars in grants for special projects for teachers. The Business Advisory Council continues to improve the mutual working relationship between the community and schools, where both parties gain additional information and skills.

Future Projects

Our primary focus continues to be on the educational program. This program serves our students, parents and community in an effort to continuously improve. This process involves assessing current programs, identifying areas to improve, developing options, selecting the best option and assessing the results. Course of study revisions will include gifted and talented, foreign language, industrial technology, and family and consumer science.

A focus of the 2005-2006 school year will be the commencement and/or completion of the capital projects identified and included in the bond issue approved in May 2005. Construction on the auditorium will begin in the spring of 2006, and many projects (technology, kitchen and building refurbishing) will commence during the summer of 2006. All projects are scheduled for completion by the spring of 2007.

From a financial viewpoint, the School District will continue to monitor and impact, where possible, the Ohio Supreme Court's decisions regarding school funding and the legislative implementation of solutions. The district will also continue to investigate the effects of Ohio House Bill 66, approved by the Ohio Legislature during the summer of 2005. H.B. 66 includes the phased-out elimination of the tangible personal property tax (including taxes on business tangible property and public utility property for telephone companies and railroads).

The district will continue efforts to seek alternative funding for educational programs – as specifically addressed in the strategic plan.

The School District will also seek the Certificate of Excellence in Financial Reporting for the School District's 2005 Comprehensive Annual Financial Report.

Economic Conditions and Outlook

The Chagrin Falls Exempted Village School District area is an affluent residential community encompassing 27.5 square miles. The School District is rich in heritage, while maintaining an "old time" atmosphere with specialty shopping. Approximately 85% of the area is residential and 15% of the area is business in valuation. Personal income levels average above \$123,000 based on the 2003 Ohio Department of Taxation records, which maintains the Chagrin Falls Exempted Village School District as eighth in the State among 611 school districts. The School District has been ranked among the top ten school districts for the past sixteen years.

Property values have continued to grow within the School District since 1980. The next reappraisals for Geauga and Cuyahoga County will be completed in 2005 and 2006, respectively. Economic conditions have continued to weaken during the past year, and a recovery will depend upon a number of events, both nationally and worldwide. Legislative changes in the calculation of personal property taxes continue to affect the district through decreasing revenues, as do decreases in state funding. The effects of the hurricanes that struck the southern United States will negatively impact the district through additional costs – specifically natural gas and bus fuel. Enrollment has increased at a manageable rate to the School District. The 2004-05 enrollments of 1,980 students reflect an increase of 21 students compared to the 2003-04 school year, and an increase of 488 students compared to the 1990-91 school year.

The School District's general area is served by diversified transportation facilities. School District residents have convenient access to four State and United States highways and two interstate highways. The School District is adjacent to areas served by Conrail, Amtrak and Norfolk and Western Railroads, and is served by passenger air service at Cleveland Hopkins International Airport. The City of Cleveland is easily accessible within a half-hour's drive of the School District.

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. As a result, school districts throughout Ohio

must place funding issues on the ballot to receive significant revenue growth. Chagrin Falls Exempted Village School District garners excellent levy support from its constituents. Constituents of the School District have approved all operating levies that have been submitted to the voters, in advance of the School District experiencing financial shortcomings. The School District placed an operating levy on the May 2003 ballot that was overwhelmingly approved by the residents of the school district. It is anticipated that the proceeds from this operating levy will provide sufficient resources for the district through fiscal year 2007, with the next operating levy anticipated for May 2007.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, a permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within three months after the start of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amounts set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund in the general and debt service funds and at the fund level for all other funds. All purchase order requests must be approved by the Building Principal and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

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

The basis of accounting and the various funds and account groups utilized by the School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Financial Condition

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented after the Independent Public Accountant's report and provides an assessment of the School District's finances for 2005 and a discussion of current issues that affect the School District's outlook for the future. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights - Internal Service Fund

At the conclusion of fiscal year 2005, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses related to the provision of self-funded prescription drug benefits to the School District employees. Employee prescription drug benefits became fully funded (through United Healthcare) in October 2004, and this fund was closed upon the end of the 2005 fiscal year.

Financial Highlights -Fiduciary Fund

The School District functions as fiscal agent for student funds, representing a variety of student groups. The agency funds had assets totaling \$64,365 at fiscal year end.

Cash Management

The Board of Education has an active cash management program, which consists of expediting the receipt of revenues and prudently depositing cash, which is insured by the Federal Deposit Insurance Corporation, as well as investing available cash in instruments issued by the United States Government. The total amount of interest earned by the School District's funds was \$91,320 for the year ended June 30, 2005; \$89,222 was directly credited to the general fund, the remainder of which was credited to the scholarship, building and food service funds. The program is beneficial because of access to daily balances, which enables the Board of Education to maintain minimum account balances and invest to the maximum extent.

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

Risk Management

A blanket bond covers all employees of the Chagrin Falls Exempted Village School District, while certain positions in decision/policy making roles are covered by separate, higher bond coverage.

The School District contracts for general liability insurance with a \$1,000 deductible and a 10% coinsurance. The School District also carries a single occurrence \$2,000,000 limit for professional liability with no deductible and automobile liability which has a \$2,000,000 combined single limit of liability. Property insurance has a \$1,000 deductible with a limit of \$44,424,580 and inland marine insurance has a deductible of \$250 with a limit of \$1,553,714.

The Chagrin Falls Exempted Village School District has insurance contracts for vehicle insurance, underground storage tanks, and crime protection. The School District participates in the Ohio School Board Association Workers' Compensation Group Rating Program.

Pension Plans

The statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) covers all School District employees. The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 11 to the basic financial statements for complete details.

Independent Audit

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Rea & Associates, Inc. was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2005. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1979 year.

Awards

Certificate of Achievement

The Government Finance Office Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chagrin Falls Exempted Village School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004.

The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

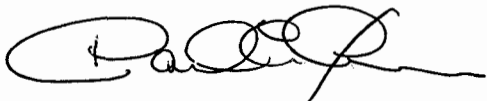
Acknowledgements

The publication of this report significantly increases the accountability of the School District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office, the District's Audit Committee, and various administrators and employees of the School District. Assistance of the Cuyahoga and Geauga County Auditors' office staffs and other outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to Rea & Associates, Inc. for their assistance in planning, designing and reviewing this financial report.

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

Respectfully,



Dr. David E. Axner, Ed D
Superintendent



Mr. Stephen Osborne, CPA
Treasurer/CFO

Chagrin Falls Exempted Village School District
Principal Officials
June 30, 2005

Board of Education

Ms. Karen Penler	President
Mr. Donald Mottinger	Vice President
Ms. Bethany Hurtuk, Ph.D	Member
Mr. Paul Kiffner	Member
Ms. Anne Thomas, Ph.D	Member

Treasurer/CFO

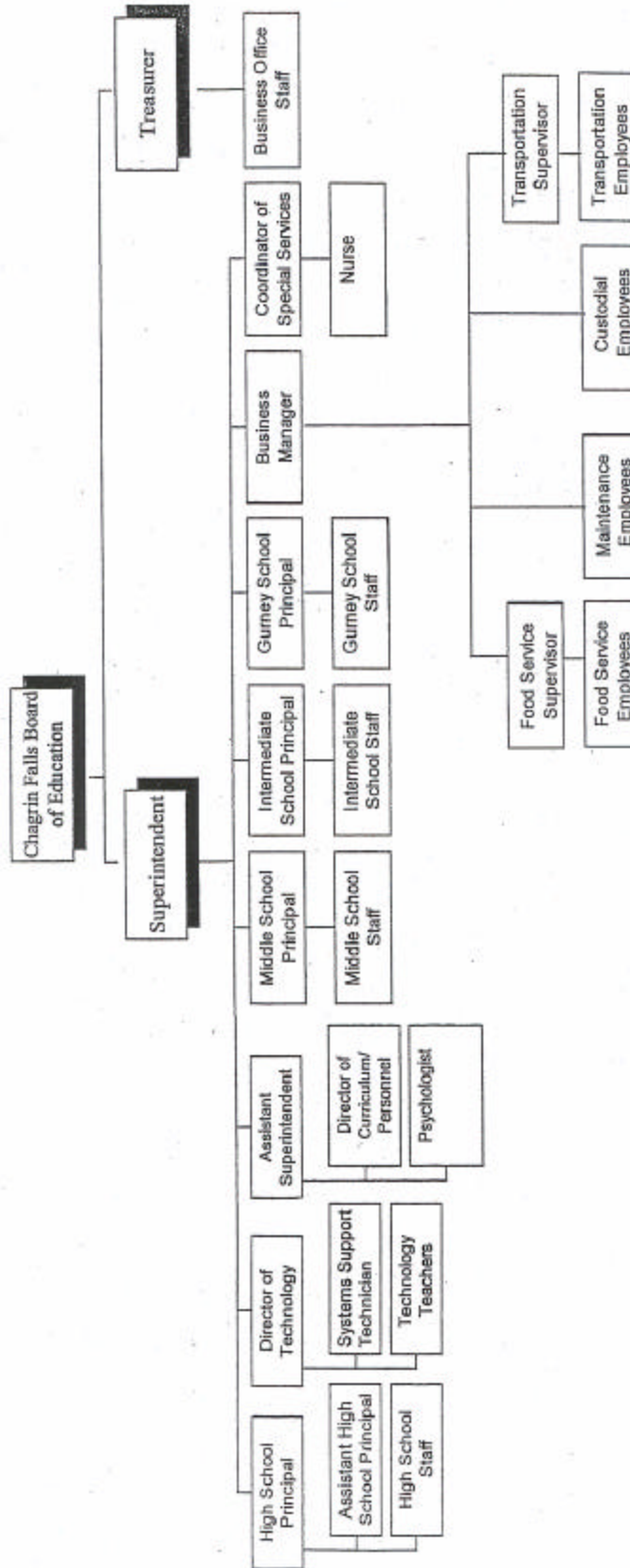
Mr. Stephen L. Osborne, CPA

Administration

Mr. David Axner, Ed D	Superintendent
Ms. Sharon Klimm, Ph.D	Assistant Superintendent

CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

ORGANIZATION CHART



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chagrin Falls Exempted
Village School District, Ohio

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

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



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

November 29, 2005

The Board of Education
Chagrin Falls Exempted Village School District
Chagrin Falls, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chagrin Falls Exempted Village School District, as of and for the year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Chagrin Falls Exempted Village School District, as of June 30, 2005, and the changes in financial position and the cash flows of its business type activities 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 November 29, 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 the report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of Chagrin Falls Exempted Village School District. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to auditing procedures applied in the audit of basic financial statements, and accordingly, we express no opinion on them.

Hea & Associates, Inc.

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2005 Unaudited

The discussion and analysis of the Chagrin Falls Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2005 are as follows:

- ❑ General Revenues accounted for \$22.2 million in revenue or 95% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for approximately \$1.2 million or 5% of total revenues of \$23.3 million.
- ❑ Total program expenses were \$25.2 million, \$24.2 million in Governmental Activities, and \$.9 million in Business Type Activities.
- ❑ In total, net assets decreased nearly \$.9 million. Net assets of governmental activities decreased \$.9 million, which represents a 21% decrease from 2004. Net assets of business-type activities decreased .01 million or 4% from 2004.
- ❑ Outstanding bonded debt increased from \$21.5 million to \$32.7 million through refunding and issuance of debt.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Chagrin Falls Exempted Village School District as a whole 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also highlight the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Chagrin Falls Exempted Village School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2005?" The *Statement of Net Assets* and the *Statement of Activities* answer this question.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
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These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- ❑ **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- ❑ **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District adult and community education programs, food service and uniform school supplies are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the debt service fund and the permanent improvements fund.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and permanent improvement capital projects fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Chagrin Falls Exempted Village School District
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The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 16.

Proprietary Funds - The School District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service, uniform supplies, and adult and community education programs. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its drug benefit program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 22.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds. The fiduciary fund financial statements begin on page 28.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29.

The School District as a Whole

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

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Table 1 provides a summary of the School District's net assets for 2005 compared to 2004:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$ 28,771,708	\$ 20,410,275	\$ 165,719	\$ 157,633	\$ 28,937,427	\$ 20,567,908
Capital Assets	22,947,403	23,097,773	170,001	187,256	23,117,404	23,285,029
Total Assets	51,719,111	43,508,048	335,720	344,889	52,054,831	43,852,937
Liabilities						
Long-Term Liabilities	(33,655,337)	(22,501,561)	(10,921)	(9,611)	(33,666,258)	(22,511,172)
Other Liabilities	(14,854,917)	(16,875,020)	(64,978)	(64,294)	(14,919,895)	(16,939,314)
Total Liabilities	(48,510,254)	(39,376,581)	(75,899)	(73,905)	(48,586,153)	(39,450,486)
Net Assets						
Invested in Capital						
Assets Net of Debt	1,946,362	1,567,981	170,001	187,256	2,116,363	1,755,237
Restricted	879,207	2,155,299	0	0	879,207	2,155,299
Unrestricted (Deficit)	383,288	408,187	89,820	83,728	473,108	491,915
Total Net Assets	\$ 3,208,857	\$ 4,131,467	\$ 259,821	\$ 270,984	\$ 3,468,678	\$ 4,402,451

Total assets increased by \$8.2 million comprised by the governmental activities. A decrease of approximately \$.2 million in total capital assets reflects depreciation exceeding additional purchases. Total liabilities increased by approximately \$9.1 with governmental liabilities comprising most of that amount. This increase is due to the additional debt issued which is partially offset by the increase in assets.

The net assets of the School District governmental activities decreased approximately \$1 million or 22%. This decrease can be attributed to an increase in interest expense due to the refunding and additional debt. Table 2 shows the changes in net assets for fiscal year 2005 compared to 2004.

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(Table 2)
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 457,246	\$ 410,606	\$ 900,346	\$ 907,487	\$ 1,357,592	\$ 1,318,093
Operating Grants	695,367	505,478	25,531	33,586	720,898	539,064
Capital Grants	16,905	0	0	0	16,905	0
<i>General Revenue:</i>						
Property Taxes	17,664,677	17,489,507	0	0	17,664,677	17,489,507
Grants and Entitlements	4,247,210	4,203,459	0	0	4,247,210	4,203,459
Other	245,886	103,988	2,214	610	248,100	104,598
Total Revenues	23,327,291	22,713,038	928,091	941,683	24,255,382	23,654,721
Program Expenses						
Instruction	11,764,079	11,499,640	0	0	11,764,079	11,499,640
Support Services	8,874,173	8,189,502	0	0	8,874,173	8,189,502
Operation of Non-Instructional	184,613	219,455	0	0	184,613	219,455
Extracurricular Activities	690,406	746,022	0	0	690,406	746,022
Interest and Fiscal Charges	2,736,630	1,240,118	0	0	2,736,630	1,240,118
Food Service	0	0	668,197	686,168	668,197	686,168
Uniform School Supplies	0	0	106,213	71,642	106,213	71,642
Adult Community Education	0	0	164,844	208,061	164,844	208,061
Total Expenses	24,249,901	21,894,737	939,254	965,871	25,189,155	22,860,608
Increase (Decrease) in Net Assets	\$ (922,610)	\$ 818,301	\$ (11,163)	\$ (24,188)	\$ (933,773)	\$ 794,113

The vast majority of revenue supporting governmental activities is general revenue (property taxes). General revenue increased from \$21.8 million in 2004 to \$22.2 million in 2005, which is due to an increase in property taxes, intergovernmental revenues and interest earnings. Program expenses in governmental activities increased from \$21.9 million in 2004 to \$24.2 million in 2005. The increase in total program expenses reflects increases in salaries, fringe benefits (health insurance and retirement), purchased services (utilities and special education costs) and other expenditures (property/casualty/fleet insurance).

Governmental Activities

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. All governmental funds had total revenues of \$23.3 million and expenditures of \$24.2 million.

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(Table 3)
Governmental Activities

	2005		2004	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 11,764,079	\$ 11,482,762	\$ 11,499,640	\$ 11,328,945
Support Services:				
Pupil and Instructional Staff	2,437,115	1,904,509	2,258,690	1,817,187
Board of Education, Administration and Fiscal	2,837,099	2,779,559	2,333,953	2,309,323
Operation and Maintenance of Plant	2,479,388	2,479,388	2,499,738	2,499,738
Pupil Transportation	1,120,571	1,120,571	1,097,121	1,097,121
Operation of Non-Instructional	184,613	34,577	219,455	80,311
Extracurricular Activities	690,406	542,387	746,022	605,910
Interest and Fiscal Charges	2,736,630	2,736,630	1,240,118	1,240,118
Total Expenses	<u>\$ 24,249,901</u>	<u>\$ 23,080,383</u>	<u>\$ 21,894,737</u>	<u>\$ 20,978,653</u>

Total cost of service for 2005 increased 11% over 2004. Instruction and student support services comprise 59% of governmental program expenses. Interest/fiscal charges were 11%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Auditors for administrative fees. Pupil transportation and the operation/maintenance of facilities accounts for 15% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Chagrin Falls Exempted Village School District students.

Business-Type Activities

Business-type activities include the adult/community education programs, the food service operations, and the sale of uniform school supplies. These programs had revenues of \$928,091 and expenses of \$939,254 for fiscal year 2005. The food service department discontinued lunch service to the parochial schools (St. Joan's and St. Rita's) at the start of the 2004-2005 school year, resulting in decreased revenues and expenditures. Business activities receive no support from tax revenues.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on pages 16-17) reported a total fund balance of \$13,588,554, which is \$10,850,052 over last year's balance of \$2,738,502. The

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis

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most significant changes within the School District's major funds was reported in the Permanent Improvement fund with an increase in fund balance of \$9,542,892 due to debt issuance.

General Fund

The general fund is the main operating fund of the School District. At the end of 2005, the fund balance in the general fund was \$1,170,069, which is an increase of \$557,026 from 2004, which is primarily due to an increase in property taxes.

Debt Service Fund

The debt service fund is the School District fund that accumulates tax revenues to pay general obligation bonds. At the end of 2005, the fund balance in the debt service fund was \$2,447,563, which is an increase of \$692,906 from 2004, which is due to a premium on debt issuance.

Permanent Improvements Fund

The permanent improvements fund is the School District fund that accounts for the resources to be used for construction projects. At the end of 2005, the fund balance in the permanent improvements fund was \$9,698,257, which is an increase of \$9,542,892 from 2004, which is due to debt issue.

General Fund Budgeting Highlights

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

During the course of fiscal year 2005, the School District modified its General fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, there was an insignificant difference of \$.1 million between the budget basis revenue of \$19.7 million, and the original budget estimates of \$19.8 million.

Final appropriations of \$19.3 million were \$.4 million more than the \$18.9 million in the original budget. This net unfavorable variance resulted from increased insurance premiums (a large number of employees switched from single to family coverage), worker's compensation premium increases, additional substitute teachers to cover a number of maternity/medical leaves, and additional special education tuition expenses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the School District had \$23.1 million invested in land, construction in progress, buildings, equipment and textbooks. A total of \$22.9 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2005 balances compared with 2004.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 1,386,635	\$ 1,386,635	\$ 0	\$ 0	\$ 1,386,635	\$ 1,386,635
Construction in Progress	324,908	0	0	0	324,908	0
Buildings and Improvement	19,616,198	20,080,533	0	0	19,616,198	20,080,533
Furniture and Equipment	908,550	971,899	170,001	187,256	1,078,551	1,159,155
Vehicles	516,916	525,688	0	0	516,916	525,688
Textbooks	194,196	133,018	0	0	194,196	133,018
Totals	<u>\$ 22,947,403</u>	<u>\$ 23,097,773</u>	<u>\$170,001</u>	<u>\$ 187,256</u>	<u>\$ 23,117,404</u>	<u>\$ 23,285,029</u>

The \$.1 million decrease in capital assets was attributable to depreciation expense exceeding additional purchases. Additional details of the capital assets can be found in note 8 to the basic financial statements.

Debt

At June 30, 2005, the School District had \$32.7 million in bonds outstanding with \$1.1 million due within one year. During fiscal year 2005, \$.9 million of general obligation bonds were retired and \$16.8 million of general obligation bonds were refunded. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities 2005	Governmental Activities 2004
General Obligation Bonds:		
1988 Additions/Facilities	\$ 1,925,000	\$ 2,170,000
1997 Renovations - Series 1	200,000	1,900,000
1997 Renovations - Series 2	1,725,000	17,445,000
2005 Capital Improvement (Refunding)	16,320,000	0
Unamortized Bond Premiums (Refunding)	1,480,556	0
Capital Appreciation Bonds (Refunding)	499,988	0
Accretion on Capital Appreciation Bonds (Refunding)	53,849	0
2005 School Improvement Bonds	9,655,000	0
Unamortized Bond Premiums (School Improvement)	563,685	0
Capital Appreciation Bonds (School Improvement)	294,990	0
Totals	<u>\$ 32,718,068</u>	<u>\$ 21,515,000</u>

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2005 Unaudited

In 1988, the School District passed a bond issue providing \$4.3 million for renovations to the four buildings in the District. In 1997, the School District passed a bond issue providing \$21.8 million for the construction of a new Middle School, classroom additions at Gurney Elementary and the refurbishing of the former Middle School (now known as the Intermediate School). In 2005, the School District passed a bond issue for \$9,949,990 for construction and facility improvements. In 2005, the School District also issued \$16.8 million in refunded bonds. The proceeds were used to refund portions of the 1997 bond issues. More information about the long-term obligations is in note 13 to the basic financial statements.

At June 30, 2005, the School District's overall bonded debt limit was \$40,345,409 and the unvoted debt margin was \$448,282. The School District maintains an AA3 bond rating from Moody's Rating Committee.

Current Issues

The Chagrin Falls Exempted Village School District continues to receive strong support from the residents of the school district. As the preceding information shows, the School District relies heavily on its local property taxpayers. The residents of the district passed an operating levy in May 2003 and the Board of Education anticipates that proceeds from this levy will sustain the district through fiscal year 2007. An operating levy is projected to be submitted to the voters of the district in May 2007.

Real estate tax collections have shown very small increases, and personal property tax collections have decreased. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). 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 was reappraised and 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 78% of revenues for governmental activities for the Chagrin Falls Schools in fiscal year 2005.

The district has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the phased-out elimination of the tangible personal property tax. This affects taxes on all business tangible property and public utility property (telephone companies and railroads) – roughly 5% of the district's general fund revenues. While this discontinued revenue will be partially reimbursed by the State of Ohio for five (5) years, this loss of revenue must be anticipated and replaced in the future.

Management diligently planned expenses so that the last levy stretched for the four years as planned, and that remains the goal with the levy passed in May 2003. This goal continues to be increasingly difficult in light of additional mandates in gifted education, rising utility and gasoline costs (especially in light of the recent hurricanes), increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2005 Unaudited

From a State funding perspective, the Ohio Supreme Court found the State of Ohio in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court. The Governor appointed a Task Force to address the issues raised in the DeRolph Court Case, and recommendations were released in February 2005. The Ohio Legislature continues to review these recommendations and action may be taken in the future.

The Chagrin Falls Exempted Village School District has not anticipated any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on the School District. The State Legislature's biennial budget was approved and became effective on July 1, 2005. The district anticipates no increased funding over the next two years. In fact, funding may decrease due to a lack of funding for new bus purchases, no student intervention funding, and the state's tendency to reduce funding when they do not meet their budget.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

The Chagrin Falls Exempted Village Schools has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Financial Reporting for six consecutive years.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Stephen Osborne, Treasurer/CFO of Chagrin Falls Exempted Village School District, 400 E. Washington Street, Chagrin Falls, Ohio 44022. Or e-mail at cf_Osborne@lgca.org.

Chagrin Falls Exempted Village School District

Statement of Net Assets

June 30, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,704,597	\$ 150,911	\$ 2,855,508
Cash in Segregated Accounts	9,950,804	0	9,950,804
Receivables:			
Taxes	16,079,766	0	16,079,766
Interfund	10,133	(10,133)	0
Intergovernmental	17,455	2,736	20,191
Inventory	8,953	22,205	31,158
Nondepreciable Capital Assets	1,711,543	0	1,711,543
Depreciable Capital Assets (Net)	21,235,860	170,001	21,405,861
<i>Total Assets</i>	<u>51,719,111</u>	<u>335,720</u>	<u>52,054,831</u>
Liabilities			
Accounts Payable	246,420	2,476	248,896
Contracts Payable	392,331	0	392,331
Accrued Wages and Benefits	1,723,610	31,552	1,755,162
Vacation Benefits Payable	136,335	0	136,335
Intergovernmental Payable	520,238	30,950	551,188
Unearned Revenue	11,585,675	0	11,585,675
Accrued Interest Payable	79,543	0	79,543
Matured Compensated Absences	170,765	0	170,765
Long Term Liabilities:			
Due Within One Year	1,209,792	747	1,210,539
Due Within More Than One Year	32,445,545	10,174	32,455,719
<i>Total Liabilities</i>	<u>48,510,254</u>	<u>75,899</u>	<u>48,586,153</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	1,946,362	170,001	2,116,363
Restricted for:			
Capital Outlay	324,908	0	324,908
Debt Service	373,837	0	373,837
Permanent Funds:			
Expendable	53	0	53
Nonexpendable	58,135	0	58,135
Other Purposes	122,274	0	122,274
Unrestricted	383,288	89,820	473,108
<i>Total Net Assets</i>	<u>\$ 3,208,857</u>	<u>\$ 259,821</u>	<u>\$ 3,468,678</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 10,026,597	\$ 51,244	\$ 118,098	\$ 16,905
Special	1,636,142	5	95,065	0
Vocational	71,620	0	0	0
Other	29,720	0	0	0
Support Services:				
Pupils	1,139,741	206,626	92,846	0
Instructional Staff	1,297,374	0	233,134	0
Board of Education	83,165	0	0	0
Administration	1,816,179	0	6,188	0
Fiscal	936,955	51,352	0	0
Business	800	0	0	0
Operation and Maintenance of Plant	2,479,388	0	0	0
Pupil Transportation	1,120,571	0	0	0
Central	24,281	0	0	0
Operation of Non-Instructional Services	160,332	0	150,036	0
Extracurricular Activities	690,406	148,019	0	0
Interest and Fiscal Charges	2,548,040	0	0	0
Reissuance Costs	188,590	0	0	0
<i>Total Governmental Activities</i>	<u>24,249,901</u>	<u>457,246</u>	<u>695,367</u>	<u>16,905</u>
Business-Type Activities				
Food Service	668,197	619,966	25,531	0
Uniform School Supplies	106,213	96,152	0	0
Adult Education	164,844	184,228	0	0
<i>Total Business-Type Activities</i>	<u>939,254</u>	<u>900,346</u>	<u>25,531</u>	<u>0</u>
Totals	<u>\$ 25,189,155</u>	<u>\$ 1,357,592</u>	<u>\$ 720,898</u>	<u>\$ 16,905</u>

General Revenues

Property Taxes Levied for:
 General Purposes
 Debt Service
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

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	Business-Type Activities	Total
\$ (9,840,350)	\$ 0	\$ (9,840,350)
(1,541,072)	0	(1,541,072)
(71,620)	0	(71,620)
(29,720)	0	(29,720)
(840,269)	0	(840,269)
(1,064,240)	0	(1,064,240)
(83,165)	0	(83,165)
(1,809,991)	0	(1,809,991)
(885,603)	0	(885,603)
(800)	0	(800)
(2,479,388)	0	(2,479,388)
(1,120,571)	0	(1,120,571)
(24,281)	0	(24,281)
(10,296)	0	(10,296)
(542,387)	0	(542,387)
(2,548,040)	0	(2,548,040)
(188,590)	0	(188,590)
<u>(23,080,383)</u>	<u>0</u>	<u>(23,080,383)</u>
0	(22,700)	(22,700)
0	(10,061)	(10,061)
0	19,384	19,384
<u>0</u>	<u>(13,377)</u>	<u>(13,377)</u>
<u>(23,080,383)</u>	<u>(13,377)</u>	<u>(23,093,760)</u>
15,599,444	0	15,599,444
2,065,233	0	2,065,233
4,247,210	0	4,247,210
91,320	2,214	93,534
154,566	0	154,566
22,157,773	2,214	22,159,987
(922,610)	(11,163)	(933,773)
4,131,467	270,984	4,402,451
<u>\$ 3,208,857</u>	<u>\$ 259,821</u>	<u>\$ 3,468,678</u>

Chagrin Falls Exempted Village School District

Balance Sheet

Governmental Funds

June 30, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement Capital Projects</u>	<u>Other Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 271,435	\$ 1,936,245	\$ 162,849	\$ 334,068
Cash in Segregated Accounts	0	0	9,950,804	0
Receivables:				
Taxes	13,802,145	2,277,621	0	0
Interfund	17,455	0	0	105
Intergovernmental	16,746	0	0	709
Inventory	8,953	0	0	0
<i>Total Assets</i>	<u>\$ 14,116,734</u>	<u>\$ 4,213,866</u>	<u>\$ 10,113,653</u>	<u>\$ 334,882</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 200,888	\$ 0	\$ 23,065	\$ 22,467
Contracts Payable	0	0	392,331	0
Accrued Wages and Benefits	1,694,117	0	0	29,493
Vacation Benefits Payable	136,335	0	0	0
Intergovernmental Payable	509,981	0	0	10,257
Deferred Revenue	10,234,579	1,766,303	0	0
Matured Compensated Absences	170,765	0	0	0
<i>Total Liabilities</i>	12,946,665	1,766,303	415,396	62,217
Fund Balances				
Fund Balance:				
Reserved for Encumbrances	133,079	0	710,722	67,923
Reserved for Inventory	8,953	0	0	0
Reserved for Tax Revenue Unavailable for Appropriation	3,567,566	511,318	0	0
Reserved for Endowment	0	0	0	58,135
Unreserved:				
Undesignated, Reported in:				
General Fund	(2,539,529)	0	0	0
Special Revenue Funds	0	0	0	131,387
Debt Service Fund	0	1,936,245	0	0
Capital Projects Funds	0	0	8,987,535	15,167
Permanent Fund	0	0	0	53
<i>Total Fund Balances</i>	<u>1,170,069</u>	<u>2,447,563</u>	<u>9,698,257</u>	<u>272,665</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 14,116,734</u>	<u>\$ 4,213,866</u>	<u>\$ 10,113,653</u>	<u>\$ 334,882</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2005*

Total Governmental Funds		
	Total Governmental Fund Balances	\$ 13,588,554
	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 2,704,597	Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	22,947,403
9,950,804		
16,079,766	Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	
17,560	Delinquent Property and Personal Property Taxes	415,207
17,455		
8,953		
<u>\$ 28,779,135</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
	General Obligation Bonds	(31,869,241)
	Capital Appreciation Bonds	(848,827)
\$ 246,420	Compensated Absences	(931,124)
392,331	Capital Lease Payable	(6,145)
1,723,610	Accrued Interest Payable	<u>(79,543)</u>
136,335		(33,734,880)
520,238	An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	<u>(7,427)</u>
12,000,882		
170,765		
15,190,581	<i>Net Assets of Governmental Activities</i>	<u><u>\$ 3,208,857</u></u>
911,724		
8,953		
4,078,884		
58,135		
(2,539,529)		
131,387		
1,936,245		
9,002,702		
53		
<u>13,588,554</u>		
<u>\$ 28,779,135</u>		

Chagrin Falls Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Debt Service	Permanent Improvement	Other Governmental Funds
Revenues:				
Taxes	\$ 16,191,842	\$ 2,137,525	\$ 0	\$ 0
Intergovernmental	4,043,130	269,241	0	647,111
Investment Income	89,922	0	815	583
Tuition and Fees	49,999	0	0	0
Extracurricular Activities	0	0	0	355,895
Rentals	51,352	0	0	0
Gifts and Donations	0	0	0	113,747
Miscellaneous	4,429	0	0	0
<i>Total Revenues</i>	20,430,674	2,406,766	815	1,117,336
Expenditures:				
Current:				
Instruction:				
Regular	9,473,366	0	0	123,532
Special	1,613,871	0	0	32,174
Vocational	71,620	0	0	0
Other	29,720	0	0	0
Support Services:				
Pupils	807,117	0	0	339,279
Instructional Staff	952,660	0	0	251,574
Board of Education	83,115	0	0	0
Administration	1,868,892	0	0	6,188
Fiscal	634,299	28,902	281,843	0
Business	800	0	0	0
Operation and Maintenance of Plant	2,334,061	0	0	0
Pupil Transportation	1,130,762	0	0	0
Central	24,936	0	0	0
Operation of Non-Instructional Services	9,598	0	0	141,543
Extracurricular Activities	513,541	0	0	181,568
Capital Outlay	0	0	707,912	0
Debt Service:				
Principal Retirement	8,647	845,000	0	0
Interest and Fiscal Charges	893	1,133,551	39,800	0
Bond Issuance Costs	0	113,990	74,600	0
<i>Total Expenditures</i>	19,557,898	2,121,443	1,104,155	1,075,858
<i>Excess of Revenues Over (Under) Expenditures</i>	872,776	285,323	(1,103,340)	41,478
Other Financing Sources (Uses):				
Proceeds of Debt Issuance	0	0	9,949,990	0
Refunding Bonds	0	16,819,988	0	0
Payment to Refund Bond Escrow Agent	0	(18,082,289)	0	0
Bond Premiums	0	1,669,884	396,242	0
Transfers In	0	0	300,000	15,750
Transfers Out	(315,750)	0	0	0
<i>Total Financing Sources and (Uses)</i>	(315,750)	407,583	10,646,232	15,750
<i>Net Change in Fund Balance</i>	557,026	692,906	9,542,892	57,228
<i>Fund Balance (Deficit) at Beginning of Year</i>	613,043	1,754,657	155,365	215,437
<i>Fund Balance (Deficit) at End of Year</i>	\$ 1,170,069	\$ 2,447,563	\$ 9,698,257	\$ 272,665

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
*Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$ 10,850,052
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$ 18,329,367	Governmental funds report capital outlays as expenditures,	
4,959,482	However, in the statement of activities, the cost of those	
91,320	assets is allocated over their estimated useful lives as	
49,999	depreciation expense. This is the amount by which	
355,895	depreciation exceeded capital expenditures in the current period.	
51,352	Capital Asset Additions	956,156
113,747	Current Year Depreciation	<u>(1,099,935)</u>
4,429		(143,779)
23,955,591	Net effect of transactions involving disposal of capital assets are not reflected in the funds.	(6,591)
	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
9,596,898	Delinquent Property and Personal Property Taxes	(664,690)
1,646,045		
71,620	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
29,720	Bond Principal	866,885
1,146,396	Capital Leases	<u>8,647</u>
1,204,234		875,532
83,115		
1,875,080	Some expenses reported in the statement of net activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.	
945,044	Decrease in Compensated Absences	40,645
800	Decrease in Pension Obligations	239,496
2,334,061	Increase in Bond Accretion	(53,849)
1,130,762	Increase in Accrued Interest	<u>(79,543)</u>
24,936		146,749
151,141		
695,109	The issuance of long term debt provides current financial resources to governmental funds. Governmental funds also report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued whereas these amount are deferred and amortized in the statement of activities.	
707,912	Proceeds of debt issuance	(9,949,990)
853,647	Issuance costs and bond premiums	<u>(563,685)</u>
1,174,244		(10,513,675)
188,590		
23,859,354		
96,237	The issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transaction are reflected in the statement of net assets as long-term assets and liabilities.	
9,949,990	Payment to refund bond escrow agent	18,082,289
16,819,988	Interest payment on refunded bonds	(1,262,289)
(18,082,289)	Proceeds of refunding bonds	(16,819,988)
2,066,126	Premium on new bonds	<u>(1,502,441)</u>
315,750		(1,502,429)
(315,750)		
10,753,815	The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.	
10,850,052		<u>36,221</u>
2,738,502		
\$ 13,588,554	Change in Net Assets of Governmental Activities	\$ (922,610)

Chagrin Falls Exempted Village School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2005*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 15,289,000	\$ 15,289,000	\$ 15,292,884	\$ 3,884
Intergovernmental	4,184,555	4,070,000	4,043,130	(26,870)
Investment Income	142,669	143,423	66,575	(76,848)
Tuition and Fees	121,312	81,250	33,253	(47,997)
Rentals	16,456	30,000	25,676	(4,324)
Gifts and Donations	0	2,000	0	(2,000)
Miscellaneous	33,987	71,000	29,625	(41,375)
<i>Total Revenues</i>	<u>19,787,979</u>	<u>19,686,673</u>	<u>19,491,143</u>	<u>(195,530)</u>
Expenditures:				
Current				
Instruction	10,767,240	10,934,459	10,926,572	(7,887)
Support Services				
Pupils	825,107	805,076	805,076	0
Instructional Staff	942,745	928,373	928,373	0
Board of Education	104,620	115,599	115,599	0
Administration	1,758,828	1,814,198	1,814,198	0
Fiscal	561,203	583,956	583,956	0
Business	800	800	800	0
Operation and Maintenance of Plant	2,369,657	2,406,924	2,406,924	0
Pupil Transportation	1,056,430	1,133,702	1,130,851	(2,851)
Central	20,000	24,936	24,936	0
Operation of Non-Instructional Services	9,495	9,517	9,517	0
Extracurricular Activities	506,354	507,476	507,476	0
Debt Service				
Principal Retirement	8,647	8,647	8,647	0
Interest and Fiscal Charges	893	893	893	0
<i>Total Expenditures</i>	<u>18,932,019</u>	<u>19,274,556</u>	<u>19,263,818</u>	<u>(10,738)</u>
Excess of Revenues Over (Under) Expenditures	855,960	412,117	227,325	(184,792)
Other Financing Sources (Uses):				
Other Financing Sources	1,692	750	2,640	1,890
Advances In	16,600	25,500	25,900	400
Transfers Out	(280,000)	(318,750)	(318,750)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(261,708)</u>	<u>(292,500)</u>	<u>(290,210)</u>	<u>2,290</u>
<i>Net Change in Fund Balance</i>	594,252	119,617	(62,885)	(182,502)
<i>Fund Balance (Deficit) at Beginning of Year</i>	12,676	12,676	12,676	0
Prior Year Encumbrances Appropriated	96,304	96,304	96,304	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 703,232</u>	<u>\$ 228,597</u>	<u>\$ 46,095</u>	<u>\$ (182,502)</u>

See accompanying notes to the basic financial statements.

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Chagrin Falls Exempted Village School District

Statement of Net Assets

Proprietary Funds

June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 136,251	\$ 1,335	\$ 13,325
Receivables:			
Interfund	1,204	0	0
Intergovernmental	2,736	0	0
Inventory	8,742	13,463	0
<i>Total Current Assets</i>	148,933	14,798	13,325
Non Current Assets:			
Depreciable Capital Assets (Net)	170,001	0	0
<i>Total Assets</i>	318,934	14,798	13,325
Liabilities			
Current Liabilities:			
Accounts Payable	60	0	2,416
Accrued Wages and Benefits	27,498	0	4,054
Interfund Payable	0	11,337	0
Intergovernmental Payable	30,061	0	889
<i>Total Current Liabilities</i>	57,619	11,337	7,359
Long Term Liabilities:			
Compensated Absences	10,921	0	0
<i>Total Liabilities</i>	68,540	11,337	7,359
Net Assets			
Invested in Capital Assets, Net of Related Debt	170,001	0	0
Unrestricted	80,393	3,461	5,966
<i>Total Net Assets</i>	\$ 250,394	\$ 3,461	\$ 5,966

See accompanying notes to the basic financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 150,911	\$ 0
1,204	0
2,736	0
<u>22,205</u>	<u>0</u>
177,056	0
<u>170,001</u>	<u>0</u>
<u>347,057</u>	<u>0</u>
2,476	0
31,552	0
11,337	7,427
<u>30,950</u>	<u>0</u>
76,315	7,427
<u>10,921</u>	<u>0</u>
87,236	7,427
170,001	0
<u>89,820</u>	<u>(7,427)</u>
<u>\$ 259,821</u>	<u>\$ (7,427)</u>

Chagrin Falls Exempted Village School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Operating Revenues:			
Tuition	\$ 0	\$ 0	\$ 184,228
Sales	619,966	96,152	0
Charges for Services	0	0	0
<i>Total Operating Revenues</i>	<u>619,966</u>	<u>96,152</u>	<u>184,228</u>
Operating Expenses:			
Salaries	191,865	0	63,051
Fringe Benefits	76,740	0	10,467
Purchased Services	13,698	3,504	83,361
Materials and Supplies	367,801	102,709	3,270
Claims	0	0	0
Depreciation	17,255	0	0
Other Operating Expenses	838	0	4,695
<i>Total Operating Expenses</i>	<u>668,197</u>	<u>106,213</u>	<u>164,844</u>
Operating Income (Loss)	<u>(48,231)</u>	<u>(10,061)</u>	<u>19,384</u>
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	22,795	0	0
Operating Grants	2,736	0	0
Interest	2,214	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>27,745</u>	<u>0</u>	<u>0</u>
<i>Change in Net Assets</i>	<u>(20,486)</u>	<u>(10,061)</u>	<u>19,384</u>
<i>Net Assets (Deficit) Beginning of Year</i>	<u>270,880</u>	<u>13,522</u>	<u>(13,418)</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 250,394</u>	<u>\$ 3,461</u>	<u>\$ 5,966</u>

See accompanying notes to the basic financial statements.

Total	Governmental Activities - Internal Service Fund
\$ 184,228	\$ 0
716,118	0
0	86,674
900,346	86,674
254,916	0
87,207	0
100,563	0
473,780	0
0	50,453
17,255	0
5,533	0
939,254	50,453
(38,908)	36,221
22,795	0
2,736	0
2,214	0
27,745	0
(11,163)	36,221
270,984	(43,648)
\$ 259,821	\$ (7,427)

Chagrin Falls Exempted Village School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Cash Flows From Operating Activities:			
Cash Received for Charges for Services	\$ 617,230	\$ 98,759	\$ 184,228
Cash Paid for Goods and Services	(346,067)	(104,984)	(105,591)
Cash Paid to Employees	(265,507)	0	(74,474)
Cash Paid for Claims	0	0	0
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>5,656</u>	<u>(6,225)</u>	<u>4,163</u>
Cash Flows From Non-Capital Financing Activities:			
Grants	2,736	0	0
Repayment of Loans from Other Funds	0	0	0
Transfers In	0	0	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>2,736</u>	<u>0</u>	<u>0</u>
Cash Flows From Investing Activities:			
Interest on Investments	2,214	0	0
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>2,214</u>	<u>0</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	10,606	(6,225)	4,163
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>125,645</u>	<u>7,560</u>	<u>9,162</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 136,251</u>	<u>\$ 1,335</u>	<u>\$ 13,325</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (48,231)	\$ (10,061)	\$ 19,384
Adjustments:			
Depreciation	17,255	0	0
Federal Donated Commodities	22,795	0	0
(Increase) Decrease Assets			
Due from Other Governments	(2,736)	0	0
Accounts Receivable	0	2,607	0
Inventory	(1,273)	1,860	0
Increase (Decrease) in Liabilities			
Accounts Payable	(2,135)	(631)	(13,923)
Accrued Wages and Benefits	1,478	0	(646)
Compensated Absences Payable	1,620	0	(310)
Due to Other Governments	16,883	0	(342)
Claims Payable	0	0	0
<i>Total Adjustments</i>	<u>53,887</u>	<u>3,836</u>	<u>(15,221)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ 5,656</u>	<u>\$ (6,225)</u>	<u>\$ 4,163</u>

Noncash items:

The Food Service Fund received \$22,795 in Federally Donated Commodities.

See accompanying notes to the basic financial statements.

Total	Governmental Activities - Internal Service Fund
\$ 900,217	\$ 86,674
(556,642)	0
(339,981)	0
0	(60,814)
3,594	25,860
2,736	0
0	(25,900)
0	0
2,736	(25,900)
2,214	0
2,214	0
8,544	(40)
142,367	40
\$ 150,911	\$ 0

\$ (38,908)	\$ 36,221
17,255	0
22,795	0
(2,736)	0
2,607	0
587	0
(16,689)	0
832	0
1,310	0
16,541	0
0	(10,361)
42,502	(10,361)
\$ 3,594	\$ 25,860

Chagrin Falls Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$</u> <u>64,365</u>
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Liabilities

Undistributed Monies	\$ 2,387
Due to Students	<u>61,978</u>

<i>Total Liabilities</i>	<u>\$</u> <u>64,365</u>
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See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 1 - Description of The School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's four instructional support facilities staffed by 106 classified employees, 164 certified full-time teaching personnel and 14 administrators who provide services to 1,901 students and other community members.

The Chagrin Falls Exempted Village School District is located in both Cuyahoga and Geauga counties in northeastern Ohio. The District operates one elementary school (pre-school-3), one intermediate school (4-6), one middle school (7-8) and a high school (9-12).

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements of the School District 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 Chagrin Falls Exempted Village School District, this includes general operations, food service 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 their budget, the issuance of their debt or the levying of their 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 the Lake Geauga Computer Association, the Ohio Schools Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local 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 before November 30, 1989, to its governmental and business-type activities and enterprise funds provided they do not conflict with or contradict GASB

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

pronouncements. The School District has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. For the year ended June 30, 2005, the School District has implemented GASB Statement No. 40 "*Deposit and Investment Risk Disclosures*." There was no effect on fund balance as a result of this implementation. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is usually eliminated to avoid "doubling up" revenues and expenses, however, these amounts are deemed insignificant in the current year and have not been eliminated. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

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

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

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction of a new middle school and additions to the intermediate school.

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position and cash flows. The following are the School District's proprietary fund types:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Although the following funds do not qualify as major funds in accordance with GAAP, the School District has exercised the option to report these as major funds:

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

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

Adult Education Fund This fund accounts for educational opportunities offered on a tuition basis to adults living within the community.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee prescription drug benefits.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

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

C. Measurement Focus

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

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 fund activities.

D. Basis of Accounting

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which 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 nonexchange transactions must also be available before it can be recognized.

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

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

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue on the balance sheet. This amount is reported as unearned revenue on the statement of net assets, however excludes delinquent amounts earned as of year end.

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

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

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

E. 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.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

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 final amended certificate issued during fiscal year 2005.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original 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.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District has segregated a portion of cash balances, reported as "Cash and cash equivalents in segregated accounts" which are used for the construction projects.

During fiscal year 2005, investments were limited to Commercial Paper, repurchase agreements, Victory Federal Mutual Funds, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Association Notes, U.S. Treasury Notes, STAROhio, (the State Treasurer's Investment Pool), and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$89,922, which includes \$87,649 assigned from other School District funds.

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

G. Inventory

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

Chagrin Falls Exempted Village School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. 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 consumed. Inventories of the enterprise fund are expensed when used.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and other instructional materials. See Note 21 for additional information regarding set asides or for the acquisition or construction of capital improvements.

I. Capital Assets

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land	N/A	N/A
Buildings and Improvements	10 - 40 Years	N/A
Furniture and Fixtures	5 - 20 Years	20 Years
Vehicles	13 Years	N/A
Textbooks	5 Years	N/A

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB 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 employer will compensate the employees for the benefits through paid time off or some other means. These amounts are recorded as vacation benefits payable in the basic financial statements.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, 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 fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

M. 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. Net assets restricted for other purposes primarily include extracurricular activities, operation and maintenance of plant, and special education instruction.

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, inventory of materials and supplies, property taxes, and an endowment.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult education classes, sales for food service and uniform school supplies, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

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

S. Estimates

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 3 - Accountability

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

	<u>Fund Balance</u>
Nonmajor Governmental Funds:	
Auxiliary	\$ (14,364)
Title VI-B	(27,209)

The deficits in these nonmajor governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Net Change in Fund Balance

GAAP Basis	\$	557,026
Net Adjustment for Revenue Accruals		(934,338)
Fair Value Adjustment for Investments		23,347
Net Adjustment for Expenditure Accruals		508,846
Adjustment for Encumbrances		<u>(217,766)</u>
Budget Basis	\$	<u>(62,885)</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 that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

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

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash on Hand: At year end, the School District had \$3,750 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Deposits: The carrying value of the School District's deposits totaled \$165,114 and the bank balances of the deposits totaled \$83,189. The entire bank balance of \$83,189 was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of June 30, 2005, the district had the following investments:

	Fair Value	Investment Maturities (in months) 0 - 6
Victory Federal Money Market Closed End	\$ 23,164	\$ 23,164
Fifth Third US Treasury Money Market Fund	1,094,060	1,094,060
Victory Federal Money Market	98,136	98,136
Victory Federal Money Market	9,950,804	9,950,804
Federal National Mortgage Association Discount Note	930,058	930,058
Irwin Union Bond	35,024	35,024
STAROhio	570,567	570,567
Totals	<u>\$ 12,701,813</u>	<u>\$ 12,701,813</u>

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the District.

Credit Risk: The District's investments at June 30, 2005 in FNMA and Irwin Union Bonds are rated AAA by Standard & Poor's. Its investments in Star Ohio are rated AAAM by Standard & Poor's.

Concentration of Credit Risk: The District places no limit on the amount the district may invest in any one issuer. More than 5 percent of the District's investments are in Victory Federal Money Market Fund, Fifth Third US Treasury Money Market Fund and FNMA. These investments are 78.3 percent, 8.6 percent and 7.3 percent, respectively, of the District's total investments for the amounts listed above.

Note 6 - Property Taxes

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2005 for real and public utility property taxes represents collections of calendar 2004 taxes. Property tax payments received during calendar 2005 for tangible personal property (other than public utility property) is for calendar 2005 taxes.

2005 real property taxes are levied after April 1, 2004, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after April 1, 2005 and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after April 1, 2004, on the value as of December 31, 2003. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value of inventory.

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

	2004 Second Half Collections		2005 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 431,105,710	96.37%	\$ 434,192,870	96.86%
Public Utility	6,873,410	1.54%	6,879,320	1.53%
Tangible Personal Property	9,333,450	2.09%	7,210,137	1.61%
	<u>\$ 447,312,570</u>	<u>100.00%</u>	<u>\$ 448,282,327</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	\$ 99.80		\$ 99.80	

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

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

The School District receives property taxes from Cuyahoga and Geauga Counties. The County Auditors periodically advance to the School District their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2005, was \$4,078,884 and is recognized as revenue. \$3,567,566 was available to the general fund and \$511,318 was available to the debt service fund.

Note 7 - Receivables

Receivables at June 30, 2005, consisted of taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 8 - Capital Assets

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

	Balance 6/30/04	Additions	Reductions	Balance 6/30/05
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,386,635	\$ 0	\$ 0	\$ 1,386,635
Construction in progress	0	324,908	0	324,908
	<u>1,386,635</u>	<u>324,908</u>	<u>0</u>	<u>1,711,543</u>
 <i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	26,507,626	224,699	0	26,732,325
Furniture and Equipment	4,137,441	144,186	(23,629)	4,257,998
Vehicles	1,492,728	107,616	(95,335)	1,505,009
Textbooks	794,943	154,747	0	949,690
	<u>32,932,738</u>	<u>631,248</u>	<u>(118,964)</u>	<u>33,445,022</u>
Total Capital Assets, being depreciated				
Less Accumulated Depreciation:				
Buildings and Improvements	(6,427,093)	(689,034)	0	(7,116,127)
Furniture and Equipment	(3,165,542)	(200,944)	17,038	(3,349,448)
Vehicles	(967,040)	(116,388)	95,335	(988,093)
Textbooks	(661,925)	(93,569)	0	(755,494)
	<u>(11,221,600)</u>	<u>(1,099,935)</u>	<u>112,373</u>	<u>(12,209,162)</u>
Total Accumulated Depreciation				
Total Capital Assets being depreciated, net	<u>21,711,138</u>	<u>(468,687)</u>	<u>(6,591)</u>	<u>21,235,860</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,097,773</u>	<u>\$ (143,779)</u>	<u>\$ (6,591)</u>	<u>\$ 22,947,403</u>
 Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Furniture and Equipment	\$ 365,179	\$ 0	\$ 0	\$ 365,179
Less Accumulated Depreciation	<u>(177,923)</u>	<u>(17,255)</u>	<u>0</u>	<u>(195,178)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 187,256</u>	<u>\$ (17,255)</u>	<u>\$ 0</u>	<u>\$ 170,001</u>

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	808,748
Special		4,211
Support Services:		
Pupil		8,870
Instructional Staff		103,048
Board of Education		108
Administration		4,154
Fiscal		11,032
Operation and Maintenance of Plant		31,250
Pupil Transportaion		112,451
Operation of Non-Instructional Services		9,067
Extracurricular Activities		6,996
		<hr/>
Total Depreciation	\$	<u>1,099,935</u>

Note 9 - 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 2005, the School District contracted with the following insurance companies:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Indiana Insurance	Property Coverage	
	Blanket Building and Contents	\$ 45,415,072
	Extra Expense	1,000,000
	Valuable Papers	100,000
	Inland Marine	1,589,050
	Automobile Liability	2,000,000
	Education Liability	1,000,000
	Personal/Advertising Injury	1,000,000
	School Leaders Ommission/Errors	1,000,000
	Products/Completed Aggregate	2,000,000
	General Aggregate	2,000,000
	Law Enforcement	1,000,000
	Sexual Misconduct/Molestation	1,000,000
	Employee Benefits	1,000,000
		- per loss
	- Aggregate	3,000,000

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Travelers Insurance	Boiler and Machinery	\$ 30,000,000
Ohio Casualty	Public Employee Dishonesty	250,000
	Money and Securities	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Prescription Drug

In August, 2004, the School District ceased operating a self-funded prescription benefit program. As required by GASB Statement No. 10, a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. A claims liability is not reported for the year ending 2005 as all outstanding claims have been paid in full. Changes in the fund's claims liability amount during fiscal 2004 and 2005 were:

	<u>Balance at</u>	<u>Current Year</u>	<u>Claim</u>	<u>Balance at</u>
	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2004	\$ 8,653	\$ 282,126	\$ 280,418	\$ 10,361
2005	10,361	50,453	60,814	0

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 10 - Other 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 five to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn fifteen to twenty-five days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 276 days. Upon retirement, employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 276 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Met Life Insurance Company, in the amount of \$75,000 for all certified and union exempt employees, all administrators, and treasurer; \$126,948 for the superintendent; and \$30,000 for non-certified employees.

All employees are offered a wellness program by the School District. This program provides preventive medical treatments and is entirely covered by the School District. The School District provides health insurance coverage through United Healthcare and is subject to certain deductibles, co-pays, and maximum benefits as outlined in the plan.

Dental coverage is provided through Guardian and is also subject to certain deductibles, co-pays and maximum benefits as outlined in the plan. Per negotiated agreement, the premium is paid based on full time equivalency. If an employee is not full time, the School District pays a pro-rated share of the premium for both single and family coverage.

Note 11 - Pension Plans

A. School Employees Retirement System

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

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. 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 to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$479,760, \$450,024 and \$433,128, respectively; 49 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. \$244,344 represents the unpaid contribution for fiscal year 2005, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,253,411, \$1,316,243 and \$1,180,187, respectively. Contributions to the DC and Combined Plans for fiscal year 2005 were \$23,773 made by the School District and \$51,652 made by the plan members. 83 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. \$224,780 represents the unpaid contribution for fiscal year 2005, and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By 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, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$97,532 during the 2005 fiscal year.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2005, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2005, 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. For the School District, the amount

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$227,756.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), 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 had approximately 62,000 participants currently receiving health care benefits.

Note 13 - Long - Term Obligations

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

	Outstanding 6/30/04	Additions	Reductions	Refunding	Outstanding 6/30/05	Amounts Due in One Year
Governmental Activities:						
General Obligation Bonds:						
1988 Additions/Facilities 7.50%	\$ 2,170,000	\$ 0	\$ 245,000	\$ 0	\$ 1,925,000	\$ 260,000
1997 Renovations 5.37%	1,900,000	0	100,000	1,600,000	200,000	100,000
1997 Renovations 5.39%	17,445,000	0	500,000	15,220,000	1,725,000	535,000
2005 Refunding Bonds						
Serial Bonds \$16,320,000 at 2.5% - 4.125%	0	16,320,000	0	0	16,320,000	245,000
Capital Appreciation Bonds at 2.5% - 4.125%	0	499,988	0	0	499,988	0
Accretion of Interest	0	53,849	0	0	53,849	0
Bond Premium	0	1,502,441	21,885	0	1,480,556	0
2005 School Improvement Bonds						
Current Interest Bonds \$9,655,000 at 3.71% - 3.94%	0	9,655,000	0	0	9,655,000	0
Capital Appreciaion Bonds at 2.5% - 4.125%	0	294,990	0	0	294,990	0
Bond Premium	0	563,685	0	0	563,685	0
Total General Obligation Bonds	21,515,000	28,889,953	866,885	16,820,000	32,718,068	1,140,000
Compensated Absences	971,769	12,419	53,064	0	931,124	63,647
Capital Leases	14,792	0	8,647	0	6,145	6,145
Total Governmental Activities	\$ 22,501,561	\$ 28,902,372	\$ 928,596	\$ 16,820,000	\$ 33,655,337	\$ 1,209,792
Business-Type Activities						
Compensated Absences	\$ 9,611	\$ 1,310	\$ 0	\$ 0	\$ 10,921	\$ 747

1988 Additions/Facilities

In 1988, the School District issued \$4,250,000 in general obligation bonds for renovations to four buildings in the district. The bonds mature in December 2022.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

1997 Renovations

In 1997, the School District issued a combined total of \$21,800,000 in general obligation bonds for the construction of a new Middle School, classroom additions at Gurney Elementary and the refurbishing of the former Middle School. The callable bonds were refunded in 2005 and the remaining bonds mature in December 2010.

2005 School Improvement Bonds

On June 22, 2005, the School District issued \$9,949,990 in general obligation bonds for the construction of a new auditorium and building/facility improvements. The bonds mature in December 2032. These bonds were issued with a premium of \$563,685, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. There was no amortization for June 30, 2005.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature December 1, 2011 through 2013. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$915,000. For fiscal year 2005, there was no accretion.

2005 School Improvement Refunding Bonds

On January 6, 2005, the School District issued \$16,820,000 refunded general obligation bonds. The proceeds of the bonds were used to refund \$1,600,000 of the School District's outstanding Capital Improvement Bonds, Series 1997, and \$15,220,000 of the School District's outstanding Capital Improvement Bond Series 1997-2. The bonds were issued for an 18 year period with final maturity at December 1, 2022. At the date of the refunding, \$18,082,289 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2005, \$16,820,000 of these bonds are considered defeased.

These refunding bonds were issued with a premium of \$1,502,441, which is reported as an increase to bonds payable. The amounts are being amortized to interest expenses over the life of the bonds using the straight-line method. The amortization for June 30, 2005 was \$21,885. The issuance costs have been reported as an expenditure. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$964,620. The issuance resulted in an economic gain of \$703,151.

The bond issue consists of serial and capital appreciation bonds. These bonds are not subject to early redemption.

The capital appreciation bonds mature December 1, 2008 - 2011, 2017, 2018, 2020 and 2021. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

accretion is reflected as principal liability. The maturity amount of the bonds is \$2,030,000. For fiscal year 2005, \$53,849 was accreted for a liability of \$553,837.

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the general fund and auxiliary services and Title VI-B special revenue funds, and the food service and adult education enterprise funds. Capital lease obligations will be paid from the general fund.

The School District's overall debt margin was \$10,053,019 with an unvoted debt margin of \$448,282 at June 30, 2005. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2005 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2006	\$ 1,140,000	\$ 1,253,625	\$ 0	\$ 0	\$ 1,140,000	\$ 1,253,625
2007	1,295,000	1,216,127	0	0	1,295,000	1,216,127
2008	1,384,130	1,072,195	50,870	69,130	1,435,000	1,141,325
2009	1,446,742	999,116	39,128	75,872	1,485,870	1,074,988
2010	1,316,064	349,464	228,064	666,936	1,544,128	1,016,400
2011 - 2015	4,759,292	3,651,898	295,688	909,312	5,054,980	4,561,210
2016 - 2020	7,722,440	3,068,269	97,560	207,440	7,820,000	3,275,709
2021 - 2025	6,396,332	1,237,488	83,668	221,332	6,480,000	1,458,820
2026 - 2030	2,550,000	686,935	0	0	2,550,000	686,935
2031 - 2032	1,815,000	121,990	0	0	1,815,000	121,990
Total	\$ 29,825,000	\$ 13,657,107	\$ 794,978	\$ 2,150,022	\$ 30,619,978	\$ 15,807,129

Note 14 - Capitalized Leases

Capital lease obligations relate to copier equipment and a vehicle which are leased under long-term agreements. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2005.

Year	Amount
2006	\$ 6,371
Less Amount Representing Interest	226
Present Value of Minimum Lease Payments	<u>\$ 6,145</u>

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

The assets being acquired have been capitalized in the general fund in the amount of \$192,951, which is the present value of the minimum lease payments at the inception of each lease.

Note 15 - Jointly Governed Organizations

A. Lake Geauga Computer Association

The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. The School District paid \$47,740 to LGCA during fiscal year 2005. Financial information can be obtained from Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

B. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three 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 2005, the School District paid \$800 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998 and the natural gas program which was implemented during fiscal year 2000.

The electric purchase 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 repurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

The natural gas program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each November these estimates are compared to their actual usage for the year and any necessary adjustments are made.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

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

Note 16 - Insurance Purchasing Pool

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

Note 17 – Contingencies

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

Note 18 - Interfund Transfers

Transfers made during fiscal year 2005 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 0	\$ 315,750
Permanent Improvement	300,000	0
Other Governmental Funds:		
Athletic	15,750	0
Total	<u>\$ 315,750</u>	<u>\$ 315,750</u>

These transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 19 - Interfund Balances

Interfund balances at June 30, 2005 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 17,455	\$ 0
Other Governmental Funds:		
Auxiliary	105	0
Food Service Enterprise Fund	1,204	0
Uniform Supplies Enterprise Fund	0	11,337
Self Insurance Fund	0	7,427
	<u>\$ 18,764</u>	<u>\$ 18,764</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2005, all interfund payables outstanding are anticipated to be repaid in fiscal year 2006.

Note 20 – Contractual Commitments

As of June 30, 2005, the School District had contractual purchase commitments as follows:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 06/30/05</u>
Stadium Artificial Turf:			
Marous Brothers	\$ 716,000	\$ 149,040	\$ 566,960
Intermediate School Roof:			
Industrial Energy Systems	181,220	105,251	75,969
Architectural Services:			
Burgess/Niple	159,770	60,450	99,320
Totals	<u>\$ 1,056,990</u>	<u>\$ 314,741</u>	<u>\$ 742,249</u>

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2005

Note 21 - 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 acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
	<u> </u>	<u> </u>	<u> </u>
Set-Aside Cash Balance as of June 30, 2004	\$ 0	\$ 0	\$ 0
Set-Aside Carryover Balance as of June 30, 2004	0	(11,672)	(11,672)
Current Year Set-Aside Requirement	283,118	283,118	566,236
Qualifying Disbursements	<u>(366,894)</u>	<u>(333,301)</u>	<u>(700,195)</u>
Total	<u>\$ (83,776)</u>	<u>\$ (61,855)</u>	<u>\$ (145,631)</u>
Balance Carried Forward FY 2006	<u>\$ 0</u>	<u>\$ (61,855)</u>	<u>\$ (61,855)</u>
Amount to Restrict for Set-Asides			<u>\$ 0</u>
Total Restricted Assets			<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Negatives are therefore not presented as being carried forward to the next fiscal year for the capital improvements reserve.

Note 22 – State School Funding Decision

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

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

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

*Combining Statements for
Nonmajor Governmental Funds
and
Individual Fund Schedules for
Governmental Funds*

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Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

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

Others Grants Fund – This fund accounts for specific grant monies, except for State and Federal grants that are legally restricted to expenditures for specified purposes.

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

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

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

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

Entry Year Grants – This fund accounts for State monies used to reimburse the School District for the expense of training and working with first year teachers, reimbursing shadow (experienced) teachers who meet with the new teachers on a regular basis throughout their first year.

Data Communications Fund – This fund accounts for monies appropriated for Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund – This fund accounts for State monies for staff development to support educational uses of technology in the classroom.

Interactive Video Distance Learning Fund – This fund is used to account for State money used to finance the interactive video distance learning project.

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds (continued)

Ohio Reads Grant Fund – This fund accounts for State monies to improve reading outcomes, especially on fourth grade reading proficiency tests and for costs associated with volunteer coordinators who administer the program.

Student Intervention – This fund accounts for State monies used to fund reading and match intervention services to students throughout the school year in order to address deficiencies on standardized testing.

Miscellaneous State Grants Fund – This fund is used to account for various monies received from State agencies which are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the auditor of State.

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

Title VI Fund – This fund accounts for Federal monies which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Drug Free Schools Fund – This fund accounts for Federal monies which support the implementation of programs for drug abuse education and prevention.

Preschool Handicapped Fund – This fund accounts for improvement and expansion of services for handicapped children ages three through five.

Title II-A Fund – This fund is used to account for monies to hire additional classroom teachers in grades 1 through 3, so the that number of students per teacher will be reduced.

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Capital Projects Funds

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

SchoolNet Fund – This fund accounts for State monies used to provide technology equipment to classrooms at the K-5 grade levels that support the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Permanent Fund

Permanent funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District programs.

Eye of The Tiger Fund – This fund is composed of donations and provides scholarships each year.

Chagrin Falls Exempted Village School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 260,713	\$ 15,167	\$ 58,188	\$ 334,068
Receivables:				
Interfund	105	0	0	105
Intergovernmental	709	0	0	709
<i>Total Assets</i>	<u>\$ 261,527</u>	<u>\$ 15,167</u>	<u>\$ 58,188</u>	<u>\$ 334,882</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	22,467	0	0	\$ 22,467
Accrued Wages and Benefits	29,493	0	0	29,493
Intergovernmental Payable	10,257	0	0	10,257
<i>Total Liabilities</i>	<u>62,217</u>	<u>0</u>	<u>0</u>	<u>62,217</u>
Fund Balances (Deficit)				
Fund Balance:				
Reserved for Encumbrances	67,923	0	0	67,923
Reserved for Endowments	0	0	58,135	58,135
Unreserved:				
Special Revenue Funds	131,387	0	0	131,387
Capital Projects Funds	0	15,167	0	15,167
Permanent Fund	0	0	53	53
<i>Total Fund Balances (Deficit)</i>	<u>199,310</u>	<u>15,167</u>	<u>58,188</u>	<u>272,665</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 261,527</u>	<u>\$ 15,167</u>	<u>\$ 58,188</u>	<u>\$ 334,882</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 630,206	\$ 16,905	\$ 0	\$ 647,111
Investment Income	530	0	53	583
Extracurricular Activities	355,895	0	0	355,895
Gifts and Donations	51,102	0	62,645	113,747
<i>Total Revenues</i>	<u>1,037,733</u>	<u>16,905</u>	<u>62,698</u>	<u>1,117,336</u>
Expenditures:				
Current:				
Instruction:				
Regular	109,794	13,738	0	123,532
Special	32,174	0	0	32,174
Support Services:				
Pupils	334,279	0	5,000	339,279
Instructional Staff	251,574	0	0	251,574
Administration	6,188	0	0	6,188
Operation of Non-Instructional Services	141,543	0	0	141,543
Extracurricular Activities	181,568	0	0	181,568
<i>Total Expenditures</i>	<u>1,057,120</u>	<u>13,738</u>	<u>5,000</u>	<u>1,075,858</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(19,387)	3,167	57,698	41,478
Other Financing Sources (Uses):				
Transfers In	15,750	0	0	15,750
<i>Total Other Financing Sources and (Uses)</i>	<u>15,750</u>	<u>0</u>	<u>0</u>	<u>15,750</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(3,637)	3,167	57,698	57,228
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>202,947</u>	<u>12,000</u>	<u>490</u>	<u>215,437</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 199,310</u>	<u>\$ 15,167</u>	<u>\$ 58,188</u>	<u>\$ 272,665</u>

Chagrin Falls Exempted Village School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Special Trust	Other Grant	Public School Support	Athletic/ District Managed
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 78,291	\$ 0	\$ 50,764	\$ 70,370
Receivables:				
Interfund	0	0	0	0
Intergovernmental	0	0	0	0
<i>Total Assets</i>	<u>\$ 78,291</u>	<u>\$ 0</u>	<u>\$ 50,764</u>	<u>\$ 70,370</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	0	0	745	2,809
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	104	32
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>849</u>	<u>2,841</u>
Fund Balances (Deficit)				
Fund Balance:				
Reserved for Encumbrances	2,233	0	1,738	22,581
Unreserved:				
Undesignated				
Special Revenue Funds	76,058	0	48,177	44,948
<i>Total Fund Balances (Deficit)</i>	<u>78,291</u>	<u>0</u>	<u>49,915</u>	<u>67,529</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 78,291</u>	<u>\$ 0</u>	<u>\$ 50,764</u>	<u>\$ 70,370</u>

<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Entry Year Grant</u>	<u>Data Communications</u>	<u>Schoolnet Professional Development</u>	<u>Interactive Video Distance Learning</u>
\$ 9,986	\$ 0	\$ 0	\$ 0	\$ 1,480	\$ 6,711
105	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 10,091</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,480</u>	<u>\$ 6,711</u>
15,866	0	0	0	0	0
6,470	0	0	0	0	0
<u>2,119</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>24,455</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
(14,364)	0	0	0	1,480	6,711
<u>(14,364)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,480</u>	<u>6,711</u>
<u>\$ 10,091</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,480</u>	<u>\$ 6,711</u>

(continued)

Chagrin Falls Exempted Village School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Ohio Reads Grant	Student Intervention	Miscellaneous State Grants	Title VI-B
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 4,467	\$ 13,233	\$ 0	\$ 3,109
Receivables:				
Interfund	0	0	0	0
Intergovernmental	0	709	0	0
<i>Total Assets</i>	<u>\$ 4,467</u>	<u>\$ 13,942</u>	<u>\$ 0</u>	<u>\$ 3,109</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	0	0	0	2,615
Accrued Wages and Benefits	0	2,596	0	20,427
Intergovernmental Payable	0	726	0	7,276
<i>Total Liabilities</i>	<u>0</u>	<u>3,322</u>	<u>0</u>	<u>30,318</u>
Fund Balances (Deficit):				
Fund Balance:				
Reserved for Encumbrances	4,467	13,233	0	1,798
Unreserved:				
Undesignated				
Special Revenue Funds	0	(2,613)	0	(29,007)
<i>Total Fund Balances (Deficit)</i>	<u>4,467</u>	<u>10,620</u>	<u>0</u>	<u>(27,209)</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 4,467</u>	<u>\$ 13,942</u>	<u>\$ 0</u>	<u>\$ 3,109</u>

<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Preschool Handicapped</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 6,483	\$ 47	\$ 0	\$ 15,772	\$ 260,713
0	0	0	0	105
0	0	0	0	709
<u>\$ 6,483</u>	<u>\$ 47</u>	<u>\$ 0</u>	<u>\$ 15,772</u>	<u>\$ 261,527</u>
25	0	0	407	\$ 22,467
0	0	0	0	29,493
0	0	0	0	10,257
<u>25</u>	<u>0</u>	<u>0</u>	<u>407</u>	<u>62,217</u>
6,458	47	0	15,368	67,923
0	0	0	(3)	131,387
<u>6,458</u>	<u>47</u>	<u>0</u>	<u>15,365</u>	<u>199,310</u>
<u>\$ 6,483</u>	<u>\$ 47</u>	<u>\$ 0</u>	<u>\$ 15,772</u>	<u>\$ 261,527</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Special Trust	Other Grant	Public School Support	Athletic/ District Managed
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income	344	0	0	0
Extracurricular Activities	0	0	207,876	148,019
Gifts and Donations	19,781	0	0	31,321
Total Revenues	20,125	0	207,876	179,340
Expenditures:				
Current:				
Instruction:				
Regular	1,320	59	1,277	0
Special	0	0	5	0
Support Services:				
Pupils	22,755	0	211,834	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	181,568
Total Expenditures	24,075	59	213,116	181,568
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,950)	(59)	(5,240)	(2,228)
Other Financing Sources (Uses):				
Transfers In	0	0	0	15,750
Total Other Financing Sources and (Uses)	0	0	0	15,750
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(3,950)	(59)	(5,240)	13,522
<i>Fund Balance (Deficit) at Beginning of Year</i>	82,241	59	55,155	54,007
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 78,291</u>	<u>\$ 0</u>	<u>\$ 49,915</u>	<u>\$ 67,529</u>

Auxiliary Services	Educational Management Information Systems	Entry Year	Data Communications	Schoolnet Professional Development	Interactive Video Distance Learning
\$ 136,246	\$ 6,188	\$ 4,400	\$ 12,000	\$ 4,140	\$ 0
186	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
136,432	6,188	4,400	12,000	4,140	0
0	0	6,686	12,000	6,716	2,984
0	0	0	0	0	0
0	0	0	0	0	0
0	6,188	0	0	0	0
126,818	0	0	0	0	0
0	0	0	0	0	0
126,818	6,188	6,686	12,000	6,716	2,984
9,614	0	(2,286)	0	(2,576)	(2,984)
0	0	0	0	0	0
0	0	0	0	0	0
9,614	0	(2,286)	0	(2,576)	(2,984)
(23,978)	0	2,286	0	4,056	9,695
\$ (14,364)	\$ 0	\$ 0	\$ 0	\$ 1,480	\$ 6,711

(continued)

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Ohio Reads Grant	Student Invervention	Miscellaneous State Grants	Title VI-B
Revenues:				
Intergovernmental	\$ 12,500	\$ 31,258	\$ 2,012	\$ 365,285
Investment Income	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
Total Revenues	12,500	31,258	2,012	365,285
Expenditures:				
Current:				
Instruction:				
Regular	12,530	20,638	2,012	0
Special	0	0	0	32,169
Support Services:				
Pupils	0	0	0	96,386
Instructional Staff	0	0	0	251,574
Administration	0	0	0	0
Operation of Non-Instructional Services	0	0	0	13,607
Extracurricular Activities	0	0	0	0
Total Expenditures	12,530	20,638	2,012	393,736
<i>Excess of Revenues Over (Under) Expenditures</i>	(30)	10,620	0	(28,451)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Total Other Financing Sources and (Uses)	0	0	0	0
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(30)	10,620	0	(28,451)
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,497	0	0	1,242
Fund Balance (Deficit) at End of Year	\$ 4,467	\$ 10,620	\$ 0	\$ (27,209)

Title VI	Drug Free Schools	Preschool Handicapped	Title II-A	Total Nonmajor Special Revenue Funds
\$ 8,837	\$ 4,372	\$ 12,894	\$ 30,074	\$ 630,206
0	0	0	0	530
0	0	0	0	355,895
0	0	0	0	51,102
<u>8,837</u>	<u>4,372</u>	<u>12,894</u>	<u>30,074</u>	<u>1,037,733</u>
7,538	1,143	12,894	21,997	109,794
0	0	0	0	32,174
0	3,304	0	0	334,279
0	0	0	0	251,574
0	0	0	0	6,188
1,118	0	0	0	141,543
0	0	0	0	181,568
<u>8,656</u>	<u>4,447</u>	<u>12,894</u>	<u>21,997</u>	<u>1,057,120</u>
181	(75)	0	8,077	(19,387)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,750</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,750</u>
181	(75)	0	8,077	(3,637)
<u>6,277</u>	<u>122</u>	<u>0</u>	<u>7,288</u>	<u>202,947</u>
<u>\$ 6,458</u>	<u>\$ 47</u>	<u>\$ 0</u>	<u>\$ 15,365</u>	<u>\$ 199,310</u>

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GOVERNMENTAL FUNDS

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

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2005*

	Original	Final	Actual	Variance with Final Budget Over (Under)
Revenues:				
Taxes	\$ 15,289,000	\$ 15,289,000	\$ 15,292,884	\$ 3,884
Intergovernmental	4,184,555	4,070,000	4,043,130	(26,870)
Investment Income	142,669	143,423	66,575	(76,848)
Tuition and Fees	121,312	81,250	33,253	(47,997)
Rentals	16,456	30,000	25,676	(4,324)
Gifts and Donations	0	2,000	0	(2,000)
Miscellaneous	33,987	71,000	29,625	(41,375)
<i>Total Revenues</i>	<u>19,787,979</u>	<u>19,686,673</u>	<u>19,491,143</u>	<u>(195,530)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	6,901,342	6,966,391	6,966,391	0
Fringe Benefits	1,795,250	1,880,750	1,872,863	(7,887)
Purchased Services	53,273	54,855	54,855	0
Materials and Supplies	302,688	293,309	293,309	0
Capital Outlay - New	57,764	66,028	66,028	0
Other	6,000	6,128	6,128	0
Total Regular	<u>9,116,317</u>	<u>9,267,461</u>	<u>9,259,574</u>	<u>(7,887)</u>
Special:				
Salaries and Wages	919,824	911,373	911,373	0
Fringe Benefits	164,600	191,523	191,523	0
Purchased Services	448,242	451,184	451,184	0
Materials and Supplies	15,428	11,966	11,966	0
Capital Outlay - New	25,050	0	0	0
Total Special	<u>1,573,144</u>	<u>1,566,046</u>	<u>1,566,046</u>	<u>0</u>
Vocational:				
Purchased Services	77,779	71,232	71,232	0
Total Vocational	<u>77,779</u>	<u>71,232</u>	<u>71,232</u>	<u>0</u>
Other:				
Purchased Services	0	29,720	29,720	0
Total Other	<u>0</u>	<u>29,720</u>	<u>29,720</u>	<u>0</u>
Total Instruction	<u>10,767,240</u>	<u>10,934,459</u>	<u>10,926,572</u>	<u>(7,887)</u>

(continued)

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005

	Original	Final	Actual	Variance with Final Budget Over (Under)
Support Services:				
Pupils:				
Salaries and Wages	537,839	538,379	538,379	0
Fringe Benefits	166,635	162,310	162,310	0
Purchased Services	94,000	86,441	86,441	0
Materials and Supplies	12,510	9,788	9,788	0
Capital Outlay - New	6,500	6,000	6,000	0
Capital Outlay - Replacement	7,623	2,158	2,158	0
Total Pupils	825,107	805,076	805,076	0
Instructional Staff:				
Salaries and Wages	622,923	626,637	626,637	0
Fringe Benefits	248,315	247,590	247,590	0
Purchased Services	37,587	29,059	29,059	0
Materials and Supplies	33,920	25,087	25,087	0
Total Instructional Staff	942,745	928,373	928,373	0
Board of Education:				
Salaries and Wages	9,600	8,880	8,880	0
Fringe Benefits	3,180	3,728	3,728	0
Purchased Services	59,334	62,056	62,056	0
Materials and Supplies	12,606	9,783	9,783	0
Other	19,900	31,152	31,152	0
Total Board of Education	104,620	115,599	115,599	0
Administration:				
Salaries and Wages	1,110,354	1,105,152	1,105,152	0
Fringe Benefits	402,430	430,129	430,129	0
Purchased Services	223,832	257,727	257,727	0
Materials and Supplies	18,562	16,030	16,030	0
Capital Outlay - New	3,400	5,160	5,160	0
Other	250	0	0	0
Total Administration	1,758,828	1,814,198	1,814,198	0
Fiscal:				
Salaries and Wages	216,165	229,714	229,714	0
Fringe Benefits	42,010	59,495	59,495	0
Purchased Services	37,359	25,998	25,998	0
Materials and Supplies	1,904	1,803	1,803	0
Capital Outlay - New	2,500	1,286	1,286	0
Other	261,265	265,660	265,660	0
Total Fiscal	561,203	583,956	583,956	0

(continued)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2005*

	Original	Final	Actual	Variance with Final Budget Over (Under)
Business:				
Purchased Services	800	800	800	0
Total Business	800	800	800	0
Operation and Maintenance of Plant:				
Salaries and Wages	1,019,972	1,048,452	1,048,452	0
Fringe Benefits	387,650	405,119	405,119	0
Purchased Services	833,787	777,964	777,964	0
Materials and Supplies	126,733	153,883	153,883	0
Capital Outlay - Replacement	1,515	21,506	21,506	0
Total Operation and Maintenance of Plant	2,369,657	2,406,924	2,406,924	0
Pupil Transportation:				
Salaries and Wages	626,620	646,149	646,149	0
Fringe Benefits	196,200	216,934	214,083	(2,851)
Purchased Services	50,783	56,675	56,675	0
Materials and Supplies	77,311	108,428	108,428	0
Capital Outlay - Replacement	105,516	105,516	105,516	0
Total Pupil Transportation	1,056,430	1,133,702	1,130,851	(2,851)
Central:				
Purchased Services	20,000	24,936	24,936	0
Total Central	20,000	24,936	24,936	0
Total Support Services	7,639,390	7,813,564	7,810,713	2,851
Community Services:				
Salaries and Wages	8,000	8,175	8,175	0
Fringe Benefits	1,495	1,342	1,342	0
Total Community Services	9,495	9,517	9,517	0
Total Other Operation of Non-Instructional Services	9,495	9,517	9,517	0
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	432,000	429,007	429,007	0
Fringe Benefits	65,200	67,546	67,546	0
Purchased Services	9,154	10,923	10,923	0
Total Sports Oriented Activities	506,354	507,476	507,476	0
Total Extracurricular Activities	506,354	507,476	507,476	0

(continued)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2005*

	Original	Final	Actual	Variance with Final Budget Over (Under)
Debt Service:				
Principal Retirement	8,647	8,647	8,647	0
Interest and Fiscal Charges	893	893	893	0
Total Debt Service	9,540	9,540	9,540	0
<i>Total Expenditures</i>	<i>18,932,019</i>	<i>19,274,556</i>	<i>19,263,818</i>	<i>(10,738)</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>855,960</i>	<i>412,117</i>	<i>227,325</i>	<i>(184,792)</i>
Other Financing Sources (Uses):				
Other Financing Sources	1,692	750	2,640	1,890
Advances In	16,600	25,500	25,900	400
Transfers Out	(280,000)	(318,750)	(318,750)	0
<i>Total Other Financing Sources (Uses)</i>	<i>(261,708)</i>	<i>(292,500)</i>	<i>(290,210)</i>	<i>2,290</i>
<i>Net Change in Fund Balance</i>	<i>594,252</i>	<i>119,617</i>	<i>(62,885)</i>	<i>(182,502)</i>
<i>Fund Balance (Deficit) at Beginning of Year</i>	<i>12,676</i>	<i>12,676</i>	<i>12,676</i>	<i>0</i>
Prior Year Encumbrances Appropriated	96,304	96,304	96,304	0
<i>Fund Balance (Deficit) at End of Year</i>	<i>\$ 703,232</i>	<i>\$ 228,597</i>	<i>\$ 46,095</i>	<i>\$ (182,502)</i>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Special Trust
 For the Fiscal Year Ended June 30, 2005*

	Original	Final	Actual	Variance with Final Budget Over (Under)
Revenues:				
Investment Income	\$ 139	\$ 382	\$ 344	\$ (38)
Gifts and Donations	0	27,720	19,781	(7,939)
<i>Total Revenues</i>	139	28,102	20,125	(7,977)
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,320	1,163	1,163	0
Fringe Benefits	0	157	157	0
Total Regular	1,320	1,320	1,320	0
Total Instruction	1,320	1,320	1,320	0
Support Services:				
Pupils:				
Other	46,000	32,325	22,755	(9,570)
Total Pupils	46,000	32,325	22,755	(9,570)
Total Support Services	46,000	32,325	22,755	(9,570)
<i>Total Expenditures</i>	47,320	33,645	24,075	(9,570)
<i>Net Change in Fund Balance</i>	(47,181)	(5,543)	(3,950)	1,593
<i>Fund Balance (Deficit) at Beginning of Year</i>	80,959	80,959	80,959	0
Prior Year Encumbrances Appropriated	1,320	1,320	1,320	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 35,098	\$ 76,736	\$ 78,329	\$ 1,593

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Other Grants
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction:				
Regular:				
Materials and Supplies	0	59	59	0
Total Regular	0	59	59	0
Total Instruction	0	59	59	0
Total Expenditures	0	59	59	0
Net Change in Fund Balance	0	(59)	(59)	0
Fund Balance (Deficit) at Beginning of Year	59	59	59	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance (Deficit) at End of Year	\$ 59	\$ 0	\$ 0	\$ 0

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Public School Support
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Extracurricular Activities	\$ 187,500	\$ 187,500	\$ 207,876	\$ 20,376
<i>Total Revenues</i>	<u>187,500</u>	<u>187,500</u>	<u>207,876</u>	<u>20,376</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	1,623	1,100	(523)
Fringe Benefits	0	177	177	0
Total Regular	<u>0</u>	<u>1,800</u>	<u>1,277</u>	<u>(523)</u>
Total Instruction	<u>0</u>	<u>1,800</u>	<u>1,277</u>	<u>(523)</u>
Support Services:				
Pupils:				
Salaries and Wages	0	12,903	12,903	0
Fringe Benefits	0	1,285	1,285	0
Purchased Services	139,743	144,899	142,385	(2,514)
Materials and Supplies	49,200	58,208	56,332	(1,876)
Capital Outlay - New	0	1,050	909	(141)
Other	540	688	688	0
Total Pupils	<u>189,483</u>	<u>219,033</u>	<u>214,502</u>	<u>(4,531)</u>
Total Support Services	<u>189,483</u>	<u>219,033</u>	<u>214,502</u>	<u>(4,531)</u>
<i>Total Expenditures</i>	<u>189,483</u>	<u>220,833</u>	<u>215,779</u>	<u>(5,054)</u>
<i>Net Change in Fund Balance</i>	(1,983)	(33,333)	(7,903)	25,430
<i>Fund Balance (Deficit) at Beginning of Year</i>	51,776	51,776	51,776	0
Prior Year Encumbrances Appropriated	<u>4,483</u>	<u>4,483</u>	<u>4,483</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 54,276</u>	<u>\$ 22,926</u>	<u>\$ 48,356</u>	<u>\$ 25,430</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Athletic/District Managed Fund
For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Extracurricular Activities	\$ 144,787	\$ 144,787	\$ 148,019	\$ 3,232
Gifts and Donations	30,293	30,293	31,321	1,028
<i>Total Revenues</i>	<u>175,080</u>	<u>175,080</u>	<u>179,340</u>	<u>4,260</u>
Expenditures:				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	28,869	28,590	24,672	(3,918)
Materials and Supplies	21,750	12,803	11,429	(1,374)
Capital Outlay - New	0	2,120	2,120	0
Total Academic and Subject Oriented Activities	<u>50,619</u>	<u>43,513</u>	<u>38,221</u>	<u>(5,292)</u>
Sports Oriented Activities:				
Salaries and Wages	0	1,875	1,875	0
Fringe Benefits	0	313	313	0
Purchased Services	91,280	76,275	69,800	(6,475)
Materials and Supplies	68,768	69,664	69,664	0
Capital Outlay - New	0	2,974	2,974	0
Other	0	599	599	0
Total Sports Oriented Activities	<u>160,048</u>	<u>151,700</u>	<u>145,225</u>	<u>(6,475)</u>
School and Public Service Co-Curricular Activities:				
Purchased Services	3,800	2,800	2,257	(543)
Materials and Supplies	19,800	23,200	19,452	(3,748)
Capital Outlay - New	0	500	306	(194)
Total School and Public Service Co-Curricular Activities	<u>23,600</u>	<u>26,500</u>	<u>22,015</u>	<u>(4,485)</u>
Total Extracurricular Activities	<u>234,267</u>	<u>221,713</u>	<u>205,461</u>	<u>(16,252)</u>
<i>Total Expenditures</i>	<u>234,267</u>	<u>221,713</u>	<u>205,461</u>	<u>(16,252)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(59,187)</u>	<u>(46,633)</u>	<u>(26,121)</u>	<u>20,512</u>
Other Financing Sources (Uses):				
Transfers In	15,750	15,750	15,750	0
<i>Total Other Financing Sources (Uses)</i>	<u>15,750</u>	<u>15,750</u>	<u>15,750</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(43,437)	(30,883)	(10,371)	20,512
<i>Fund Balance (Deficit) at Beginning of Year</i>	51,776	51,776	51,776	0
Prior Year Encumbrances Appropriated	4,483	4,483	4,483	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 12,822</u>	<u>\$ 25,376</u>	<u>\$ 45,888</u>	<u>\$ 20,512</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Auxiliary Services
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 144,802	\$ 144,802	\$ 136,246	\$ (8,556)
Investment Income	198	198	186	(12)
<i>Total Revenues</i>	<u>145,000</u>	<u>145,000</u>	<u>136,432</u>	<u>(8,568)</u>
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	60,000	51,873	51,873	0
Fringe Benefits	4,009	12,601	12,601	0
Purchased Services	7,043	54,198	41,088	(13,110)
Materials and Supplies	69,491	20,431	17,987	(2,444)
Other	0	5,450	5,450	0
Total Community Services	<u>140,543</u>	<u>144,553</u>	<u>128,999</u>	<u>(15,554)</u>
Total Other Operation of Non-Instructional Services	<u>140,543</u>	<u>144,553</u>	<u>128,999</u>	<u>(15,554)</u>
<i>Total Expenditures</i>	<u>140,543</u>	<u>144,553</u>	<u>128,999</u>	<u>(15,554)</u>
<i>Net Change in Fund Balance</i>	4,457	447	7,433	6,986
<i>Fund Balance (Deficit) at Beginning of Year</i>	10	10	10	0
Prior Year Encumbrances Appropriated	<u>2,543</u>	<u>2,543</u>	<u>2,543</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 7,010</u>	<u>\$ 3,000</u>	<u>\$ 9,986</u>	<u>\$ 6,986</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Educational Management Information Systems
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 7,200	\$ 7,200	\$ 6,188	\$ (1,012)
<i>Total Revenues</i>	<u>7,200</u>	<u>7,200</u>	<u>6,188</u>	<u>(1,012)</u>
Expenditures:				
Current:				
Support Services:				
Administration:				
Salaries and Wages	7,100	6,015	6,015	0
Purchased Services	0	173	173	0
Total Administration	<u>7,100</u>	<u>6,188</u>	<u>6,188</u>	<u>0</u>
Total Support Services	<u>7,100</u>	<u>6,188</u>	<u>6,188</u>	<u>0</u>
<i>Total Expenditures</i>	<u>7,100</u>	<u>6,188</u>	<u>6,188</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	100	1,012	0	(1,012)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 100</u>	<u>\$ 1,012</u>	<u>\$ 0</u>	<u>\$ (1,012)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Entry Year Programs
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 1,500	\$ 4,400	\$ 4,400	\$ 0
<i>Total Revenues</i>	<u>1,500</u>	<u>4,400</u>	<u>4,400</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	6,619	6,619	0
Fringe Benefits	0	34	34	0
Materials and Supplies	0	33	33	0
Total Regular	<u>0</u>	<u>6,686</u>	<u>6,686</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>6,686</u>	<u>6,686</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>6,686</u>	<u>6,686</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,500	(2,286)	(2,286)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	2,286	2,286	2,286	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,786</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Data Communications
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 12,000	\$ 12,000	\$ 12,000	\$ 0
<i>Total Revenues</i>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	12,000	12,000	12,000	0
Total Regular	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Total Instruction	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 SchoolNet Professional Development
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 4,050	\$ 4,150	\$ 4,140	\$ (10)
<i>Total Revenues</i>	<u>4,050</u>	<u>4,150</u>	<u>4,140</u>	<u>(10)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	2,200	7,534	6,217	(1,317)
Materials and Supplies	2,400	662	499	(163)
Total Regular	<u>4,600</u>	<u>8,196</u>	<u>6,716</u>	<u>(1,480)</u>
Total Instruction	<u>4,600</u>	<u>8,196</u>	<u>6,716</u>	<u>(1,480)</u>
<i>Total Expenditures</i>	<u>4,600</u>	<u>8,196</u>	<u>6,716</u>	<u>(1,480)</u>
<i>Net Change in Fund Balance</i>	(550)	(4,046)	(2,576)	(1,470)
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,056	4,056	4,056	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,506</u>	<u>\$ 10</u>	<u>\$ 1,480</u>	<u>\$ (1,470)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Interactive Video Distance Learning
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	9,851	9,851	6,856	(2,995)
Materials and Supplies	1,000	1,000	989	(11)
Capital Outlay - New	1,795	1,795	1,795	0
Total Regular	<u>12,646</u>	<u>12,646</u>	<u>9,640</u>	<u>(3,006)</u>
Total Instruction	<u>12,646</u>	<u>12,646</u>	<u>9,640</u>	<u>(3,006)</u>
<i>Total Expenditures</i>	<u>12,646</u>	<u>12,646</u>	<u>9,640</u>	<u>(3,006)</u>
<i>Net Change in Fund Balance</i>	(12,646)	(12,646)	(9,640)	3,006
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,705	6,705	6,705	0
Prior Year Encumbrances Appropriated	<u>9,646</u>	<u>9,646</u>	<u>9,646</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,705</u>	<u>\$ 3,705</u>	<u>\$ 6,711</u>	<u>\$ 3,006</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Ohio Reads Grant
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 10,500	\$ 13,600	\$ 12,500	\$ (1,100)
<i>Total Revenues</i>	<u>10,500</u>	<u>13,600</u>	<u>12,500</u>	<u>(1,100)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,703	16,033	11,566	(4,467)
Fringe Benefits	0	128	128	0
Materials and Supplies	4,497	836	836	0
Total Regular	<u>6,200</u>	<u>16,997</u>	<u>12,530</u>	<u>(4,467)</u>
Total Instruction	<u>6,200</u>	<u>16,997</u>	<u>12,530</u>	<u>(4,467)</u>
<i>Total Expenditures</i>	<u>6,200</u>	<u>16,997</u>	<u>12,530</u>	<u>(4,467)</u>
<i>Net Change in Fund Balance</i>	4,300	(3,397)	(30)	3,367
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,297	4,297	4,297	0
Prior Year Encumbrances Appropriated	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 8,797</u>	<u>\$ 1,100</u>	<u>\$ 4,467</u>	<u>\$ 3,367</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Miscellaneous State Grants
For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 1,950	\$ 2,012	\$ 2,012	\$ 0
<i>Total Revenues</i>	<u>1,950</u>	<u>2,012</u>	<u>2,012</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,500	2,012	2,012	0
Total Regular	<u>1,500</u>	<u>2,012</u>	<u>2,012</u>	<u>0</u>
Total Instruction	<u>1,500</u>	<u>2,012</u>	<u>2,012</u>	<u>0</u>
Support Services:				
Instructional Staff:				
Purchased Services	0	2,739	2,739	0
Total Instructional Staff	<u>0</u>	<u>2,739</u>	<u>2,739</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>2,739</u>	<u>2,739</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,500</u>	<u>4,751</u>	<u>4,751</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>450</u>	<u>(2,739)</u>	<u>(2,739)</u>	<u>0</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	2,739	2,739	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>2,739</u>	<u>2,739</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	450	0	0	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 450</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Student Intervention
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 31,057	\$ 31,057	\$ 30,549	\$ (508)
<i>Total Revenues</i>	<u>31,057</u>	<u>31,057</u>	<u>30,549</u>	<u>(508)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	15,893	13,767	(2,126)
Fringe Benefits	0	200	200	0
Purchased Services	0	975	975	0
Materials and Supplies	0	13,481	2,374	(11,107)
Total Regular	<u>0</u>	<u>30,549</u>	<u>17,316</u>	<u>(13,233)</u>
Total Instruction	<u>0</u>	<u>30,549</u>	<u>17,316</u>	<u>(13,233)</u>
<i>Total Expenditures</i>	<u>0</u>	<u>30,549</u>	<u>17,316</u>	<u>(13,233)</u>
<i>Net Change in Fund Balance</i>	31,057	508	13,233	12,725
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 31,057</u>	<u>\$ 508</u>	<u>\$ 13,233</u>	<u>\$ 12,725</u>

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Title VI-B
For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 245,000	\$ 366,000	\$ 365,285	\$ (715)
<i>Total Revenues</i>	<u>245,000</u>	<u>366,000</u>	<u>365,285</u>	<u>(715)</u>
Expenditures:				
Current:				
Instruction:				
Special:				
Salaries and Wages	0	228	228	0
Purchased Services	1,230	19,448	19,448	0
Materials and Supplies	30,000	9,259	9,259	0
Capital Outlay - New	0	4,754	4,754	0
Total Special	<u>31,230</u>	<u>33,689</u>	<u>33,689</u>	<u>0</u>
Total Instruction	<u>31,230</u>	<u>33,689</u>	<u>33,689</u>	<u>0</u>
Support Services:				
Pupils:				
Salaries and Wages	100,000	82,484	82,484	0
Purchased Services	0	13,736	13,736	0
Capital Outlay - New	0	445	445	0
Total Pupils	<u>100,000</u>	<u>96,665</u>	<u>96,665</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	82,000	135,494	135,494	0
Fringe Benefits	30,000	72,004	72,004	0
Purchased Services	0	33,000	33,000	0
Total Instructional Staff	<u>112,000</u>	<u>240,498</u>	<u>240,498</u>	<u>0</u>
Total Support Services	<u>212,000</u>	<u>337,163</u>	<u>337,163</u>	<u>0</u>
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	0	4,446	4,446	0
Purchased Services	0	7,856	7,856	0
Total Community Services	<u>0</u>	<u>12,302</u>	<u>12,302</u>	<u>0</u>
Total Other	<u>0</u>	<u>12,302</u>	<u>12,302</u>	<u>0</u>
Total Other Operation of Non-Instructional Services	<u>0</u>	<u>12,302</u>	<u>12,302</u>	<u>0</u>
<i>Total Expenditures</i>	<u>243,230</u>	<u>383,154</u>	<u>383,154</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,770	(17,154)	(17,869)	(715)
<i>Fund Balance (Deficit) at Beginning of Year</i>	16,639	16,639	16,639	0
Prior Year Encumbrances Appropriated	<u>1,230</u>	<u>1,230</u>	<u>1,230</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 19,639</u>	<u>\$ 715</u>	<u>\$ 0</u>	<u>\$ (715)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual*
 Title VI
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 11,754	\$ 11,754	\$ 8,837	\$ (2,917)
<i>Total Revenues</i>	<u>11,754</u>	<u>11,754</u>	<u>8,837</u>	<u>(2,917)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	0	4,591	4,591	0
Materials and Supplies	12,000	9,405	2,922	(6,483)
Total Regular	<u>12,000</u>	<u>13,996</u>	<u>7,513</u>	<u>(6,483)</u>
Total Instruction	<u>12,000</u>	<u>13,996</u>	<u>7,513</u>	<u>(6,483)</u>
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	0	1,118	1,118	0
Total Community Services	<u>0</u>	<u>1,118</u>	<u>1,118</u>	<u>0</u>
Total Other Operation of Non-Instructional Services	<u>0</u>	<u>1,118</u>	<u>1,118</u>	<u>0</u>
<i>Total Expenditures</i>	<u>12,000</u>	<u>15,114</u>	<u>8,631</u>	<u>(6,483)</u>
<i>Net Change in Fund Balance</i>	(246)	(3,360)	206	3,566
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,277	6,277	6,277	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 6,031</u>	<u>\$ 2,917</u>	<u>\$ 6,483</u>	<u>\$ 3,566</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Drug Free Schools
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 5,318	\$ 5,318	\$ 4,372	\$ (946)
<i>Total Revenues</i>	<u>5,318</u>	<u>5,318</u>	<u>4,372</u>	<u>(946)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	4,178	1,064	1,016	(48)
Materials and Supplies	122	127	127	0
Total Regular	<u>4,300</u>	<u>1,191</u>	<u>1,143</u>	<u>(48)</u>
Total Instruction	<u>4,300</u>	<u>1,191</u>	<u>1,143</u>	<u>(48)</u>
Support Services:				
Pupils:				
Salaries and Wages	0	350	350	0
Purchased Services	0	1,538	1,538	0
Materials and Supplies	600	2,016	2,016	0
Total Pupils	<u>600</u>	<u>3,904</u>	<u>3,904</u>	<u>0</u>
Total Support Services	<u>600</u>	<u>3,904</u>	<u>3,904</u>	<u>0</u>
<i>Total Expenditures</i>	<u>4,900</u>	<u>5,095</u>	<u>5,047</u>	<u>(48)</u>
<i>Net Change in Fund Balance</i>	418	223	(675)	(898)
<i>Fund Balance (Deficit) at Beginning of Year</i>	122	122	122	0
Prior Year Encumbrances Appropriated	<u>600</u>	<u>600</u>	<u>600</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,140</u>	<u>\$ 945</u>	<u>\$ 47</u>	<u>\$ (898)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Preschool Handicapped Grant
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 9,400	\$ 12,900	\$ 12,894	\$ (6)
<i>Total Revenues</i>	<u>9,400</u>	<u>12,900</u>	<u>12,894</u>	<u>(6)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	9,400	12,894	12,894	0
Total Regular	<u>9,400</u>	<u>12,894</u>	<u>12,894</u>	<u>0</u>
Total Instruction	<u>9,400</u>	<u>12,894</u>	<u>12,894</u>	<u>0</u>
<i>Total Expenditures</i>	<u>9,400</u>	<u>12,894</u>	<u>12,894</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	6	0	(6)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 0</u>	<u>\$ (6)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual*
 Title II-A
 For the Fiscal Year Ended June 30, 2005

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 30,529	\$ 30,529	\$ 30,074	\$ (455)
<i>Total Revenues</i>	<u>30,529</u>	<u>30,529</u>	<u>30,074</u>	<u>(455)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	29,000	22,903	13,798	(9,105)
Fringe Benefits	0	268	268	0
Purchased Services	525	11,593	8,154	(3,439)
Materials and Supplies	0	5,550	2,320	(3,230)
Total Regular	<u>29,525</u>	<u>40,314</u>	<u>24,540</u>	<u>(15,774)</u>
Total Instruction	<u>29,525</u>	<u>40,314</u>	<u>24,540</u>	<u>(15,774)</u>
<i>Total Expenditures</i>	<u>29,525</u>	<u>40,314</u>	<u>24,540</u>	<u>(15,774)</u>
<i>Net Change in Fund Balance</i>	1,004	(9,785)	5,534	15,319
<i>Fund Balance (Deficit) at Beginning of Year</i>	9,713	9,713	9,713	0
Prior Year Encumbrances Appropriated	<u>525</u>	<u>525</u>	<u>525</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 11,242</u>	<u>\$ 453</u>	<u>\$ 15,772</u>	<u>\$ 15,319</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Bond Retirement
For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Taxes	\$ 1,952,274	\$ 1,947,022	\$ 1,980,128	\$ 33,106
Intergovernmental	250,000	250,000	269,241	19,241
<i>Total Revenues</i>	<u>2,202,274</u>	<u>2,197,022</u>	<u>2,249,369</u>	<u>52,347</u>
Expenditures:				
Current:				
Support Services:				
Fiscal:				
Other	33,200	28,902	28,902	0
Total Fiscal	<u>33,200</u>	<u>28,902</u>	<u>28,902</u>	<u>0</u>
Total Support Services	<u>33,200</u>	<u>28,902</u>	<u>28,902</u>	<u>0</u>
Debt Service:				
Principal Retirement	795,000	1,003,698	845,000	(158,698)
Interest and Fiscal Charges	1,211,800	1,133,551	1,133,551	0
Interest and Fiscal Charges	0	113,990	113,990	0
Total Debt Service	<u>2,006,800</u>	<u>2,251,239</u>	<u>2,092,541</u>	<u>(158,698)</u>
<i>Total Expenditures</i>	<u>2,040,000</u>	<u>2,280,141</u>	<u>2,121,443</u>	<u>(158,698)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>162,274</u>	<u>(83,119)</u>	<u>127,926</u>	<u>211,045</u>
Other Financing Sources (Uses):				
Proceeds of Debt Issuance	0	15,502,243	16,819,988	1,317,745
Payment to Refund Bond Escrow Agent	0	(18,082,289)	(18,082,289)	0
Premium on Debt Issuance	0	1,700,000	1,669,884	(30,116)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(880,046)</u>	<u>407,583</u>	<u>1,287,629</u>
<i>Net Change in Fund Balance</i>	162,274	(963,165)	535,509	1,498,674
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,400,736	1,400,736	1,400,736	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,563,010</u>	<u>\$ 437,571</u>	<u>\$ 1,936,245</u>	<u>\$ 1,498,674</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Permanent Improvement
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Investment Income	\$ 0	\$ 0	\$ 815	\$ 815
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>815</u>	<u>815</u>
Expenditures:				
Current:				
Support Services:				
Fiscal:				
Other	0	281,843	281,843	0
Total Fiscal	<u>0</u>	<u>281,843</u>	<u>281,843</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>281,843</u>	<u>281,843</u>	<u>0</u>
Capital Outlay:				
Purchased Services	13,557	167,769	45,781	(121,988)
Total Architecture and Engineering Services	<u>13,557</u>	<u>167,769</u>	<u>45,781</u>	<u>(121,988)</u>
Building Acquisitions and Construction Services:				
Purchased Services	29,315	25,228	25,228	0
Materials and Supplies	571,895	571,187	404,011	(167,176)
Total Building Acquisitions and Construction Services	<u>601,210</u>	<u>596,415</u>	<u>429,239</u>	<u>(167,176)</u>
Building Improvement Services:				
Purchased Services	0	82,000	82,000	0
Capital Outlay - New	15,000	949,504	934,954	(14,550)
Total Building Improvement Services	<u>15,000</u>	<u>1,031,504</u>	<u>1,016,954</u>	<u>(14,550)</u>
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	1,000	1,039	1,039	0
Total Other Facilities Acquisitions and Construction Service	<u>1,000</u>	<u>1,039</u>	<u>1,039</u>	<u>0</u>
Total Capital Outlay	<u>630,767</u>	<u>1,796,727</u>	<u>1,493,013</u>	<u>(303,714)</u>
Debt Service:				
Bond Issuance Costs	0	0	74,600	74,600
Total Debt Service	<u>0</u>	<u>0</u>	<u>74,600</u>	<u>74,600</u>
<i>Total Expenditures</i>	<u>630,767</u>	<u>2,078,570</u>	<u>1,849,456</u>	<u>(229,114)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(630,767)</u>	<u>(2,078,570)</u>	<u>(1,848,641)</u>	<u>229,929</u>
Other Financing Sources (Uses):				
Proceeds of Debt Issuance	0	9,949,990	9,949,990	0
Premium on Debt Issuance	0	286,010	396,242	110,232
Transfers In	430,000	430,000	300,000	(130,000)
Total Other Financing Sources (Uses)	<u>430,000</u>	<u>10,666,000</u>	<u>10,646,232</u>	<u>10,216,232</u>
<i>Net Change in Fund Balance</i>	<u>(200,767)</u>	<u>8,587,430</u>	<u>8,797,591</u>	<u>210,161</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	28,977	28,977	28,977	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,224,740</u>	<u>1,224,740</u>	<u>1,224,740</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,052,950</u>	<u>\$ 9,841,147</u>	<u>\$ 10,051,308</u>	<u>\$ 210,161</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 SchoolNet
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Intergovernmental	\$ 0	\$ 16,905	\$ 16,905	\$ 0
<i>Total Revenues</i>	<u>0</u>	<u>16,905</u>	<u>16,905</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	1,000	3,452	3,452	0
Materials and Supplies	577	0	0	0
Capital Outlay - New	0	10,548	10,286	(262)
Total Regular	<u>1,577</u>	<u>14,000</u>	<u>13,738</u>	<u>(262)</u>
Total Instruction	<u>1,577</u>	<u>14,000</u>	<u>13,738</u>	<u>(262)</u>
<i>Total Expenditures</i>	<u>1,577</u>	<u>14,000</u>	<u>13,738</u>	<u>(262)</u>
<i>Net Change in Fund Balance</i>	(1,577)	2,905	3,167	262
<i>Fund Balance (Deficit) at Beginning of Year</i>	12,000	12,000	12,000	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 10,423</u>	<u>\$ 14,905</u>	<u>\$ 15,167</u>	<u>\$ 262</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Eye of the Tiger Fund
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Investment Income	\$ 53	\$ 53	\$ 53	\$ 0
Gifts and Donations	39,808	62,645	62,645	0
<i>Total Revenues</i>	<u>39,861</u>	<u>62,698</u>	<u>62,698</u>	<u>0</u>
Expenditures:				
Current:				
Support Services:				
Pupils				
Other	8,000	5,000	5,000	0
Total Pupils	<u>8,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Support Services	<u>8,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>8,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	31,861	57,698	57,698	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	490	490	490	0
Prior Year Encumbrances Appropriated	<u>1,320</u>	<u>1,320</u>	<u>1,320</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 33,671</u>	<u>\$ 59,508</u>	<u>\$ 59,508</u>	<u>\$ 0</u>

PROPRIETARY FUNDS

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

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
Budget (Non-GAAP Basis) and Actual
Food Service
For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Sales	\$ 523,132	\$ 627,758	\$ 619,966	\$ (7,792)
<i>Total Revenues</i>	<u>523,132</u>	<u>627,758</u>	<u>619,966</u>	<u>(7,792)</u>
Expenses:				
Salaries	200,000	203,002	189,781	(13,221)
Fringe Benefits	78,700	65,343	58,843	(6,500)
Purchased Services	6,250	27,888	25,826	(2,062)
Materials and Supplies	287,309	350,492	348,414	(2,078)
Capital Outlay - New	0	23,956	23,956	0
Capital Outlay - Replacement	0	1,000	0	(1,000)
Other	0	838	838	0
<i>Total Expenses</i>	<u>572,259</u>	<u>672,519</u>	<u>647,658</u>	<u>(24,861)</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(49,127)	(44,761)	(27,692)	17,069
Non-Operating Revenues (Expenses):				
Interest Income	1,868	2,242	2,214	(28)
Total Non-Operating Revenues (Expenses)	<u>1,868</u>	<u>2,242</u>	<u>2,214</u>	<u>(28)</u>
<i>Net Change in Fund Equity</i>	(47,259)	(42,519)	(25,478)	17,041
<i>Fund Equity (Deficit) at Beginning of Year</i>	123,126	123,126	123,126	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,519</u>	<u>2,519</u>	<u>2,519</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 78,386</u>	<u>\$ 83,126</u>	<u>\$ 100,167</u>	<u>\$ 17,041</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
Budget (Non-GAAP Basis) and Actual
Uniform Supplies
For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Sales	\$ 75,000	\$ 110,000	\$ 98,759	\$ (11,241)
<i>Total Revenues</i>	<u>75,000</u>	<u>110,000</u>	<u>98,759</u>	<u>(11,241)</u>
Expenses:				
Purchased Services	0	9,065	3,504	(5,561)
Materials and Supplies	70,020	105,954	101,480	(4,474)
<i>Total Expenses</i>	<u>70,020</u>	<u>115,019</u>	<u>104,984</u>	<u>(10,035)</u>
<i>Net Change in Fund Equity</i>	4,980	(5,019)	(6,225)	(1,206)
<i>Fund Equity (Deficit) at Beginning of Year</i>	7,540	7,540	7,540	0
<i>Prior Year Encumbrances Appropriated</i>	<u>20</u>	<u>20</u>	<u>20</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 12,540</u>	<u>\$ 2,541</u>	<u>\$ 1,335</u>	<u>\$ (1,206)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Adult Education
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Tuition	\$ 205,000	\$ 195,000	\$ 184,228	\$ (10,772)
<i>Total Revenues</i>	<u>205,000</u>	<u>195,000</u>	<u>184,228</u>	<u>(10,772)</u>
Expenses:				
Salaries	67,040	67,040	63,697	(3,343)
Fringe Benefits	10,530	11,607	11,119	(488)
Purchased Services	125,443	115,443	97,284	(18,159)
Materials and Supplies	6,000	4,923	3,270	(1,653)
Other	5,000	5,000	4,695	(305)
<i>Total Expenses</i>	<u>214,013</u>	<u>204,013</u>	<u>180,065</u>	<u>(23,948)</u>
<i>Net Change in Fund Equity</i>	(9,013)	(9,013)	4,163	13,176
<i>Fund Equity (Deficit) at Beginning of Year</i>	(8,864)	(8,864)	(8,864)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>18,026</u>	<u>18,026</u>	<u>18,026</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 149</u>	<u>\$ 149</u>	<u>\$ 13,325</u>	<u>\$ 13,176</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Self Insurance
 For the Fiscal Year Ended June 30, 2005*

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Charges for Services	\$ 350,000	\$ 90,000	\$ 86,674	\$ (3,326)
<i>Total Revenues</i>	<u>350,000</u>	<u>90,000</u>	<u>86,674</u>	<u>(3,326)</u>
Expenses:				
Fringe Benefits	324,100	61,100	60,814	(286)
<i>Total Expenses</i>	<u>324,100</u>	<u>61,100</u>	<u>60,814</u>	<u>(286)</u>
<i>Income (Loss) Before Advances</i>	25,900	28,900	25,860	(3,040)
Advances Out	(25,900)	(25,900)	(25,900)	0
<i>Net Change in Fund Equity</i>	0	3,000	(40)	(3,040)
<i>Fund Equity (Deficit) at Beginning of Year</i>	(24,960)	(24,960)	(24,960)	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ (24,960)</u>	<u>\$ (21,960)</u>	<u>\$ (25,000)</u>	<u>\$ (3,040)</u>

AGENCY FUNDS
Combining Statements

Chagrin Falls Exempted Village School District

Combining Statements – Agency Funds

Agency funds are purely custodial (assets equal liabilities) and therefore do not involve the measurement of results of operation. The following are the School District's agency funds:

Rotary Fund - This fund accounts for activities associated with the collection and disbursement of funds used for student field trips that are not part of the programs provided by the School District. It is a flow-through account, funds received are held until entirely expended for a specific purpose.

Student Activities Fund - This fund accounts for student activity programs which have student participation in the activity and have students involved in the management of the program.

Chagrin Falls Exempted Village School District
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2005

	<u>Rotary</u>	<u>Student Activities</u>	<u>Total Agency Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,387	\$ 61,978	\$ 64,365
<i>Total Assets</i>	<u>\$ 2,387</u>	<u>\$ 61,978</u>	<u>\$ 64,365</u>
Liabilities and Fund Balances			
Liabilities			
Undistributed Monies	\$ 2,387	\$ 0	\$ 2,387
Due to Students	<u>0</u>	<u>61,978</u>	<u>61,978</u>
<i>Total Liabilities</i>	<u>\$ 2,387</u>	<u>\$ 61,978</u>	<u>\$ 64,365</u>

Chagrin Falls Exempted Village School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2005

	Beginning Balance 7/1/04	Additions	Deductions	Ending Balance 6/30/05
Rotary				
Assets				
Equity in Pooled Cash and Investments:	\$ 4,817	\$ 43,349	\$ 45,779	\$ 2,387
Liabilities				
Undistributed Monies	\$ 4,817	\$ 43,349	\$ 45,779	\$ 2,387
Student Activities				
Assets				
Equity in Pooled Cash and Investments:	\$ 64,583	\$ 117,886	\$ 120,491	\$ 61,978
Liabilities				
Due to Students	\$ 64,583	\$ 117,886	\$ 120,491	\$ 61,978
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments:	\$ 69,400	\$ 161,235	\$ 166,270	\$ 64,365
Liabilities				
Undistributed Monies	\$ 4,817	\$ 43,349	\$ 45,779	\$ 2,387
Due to Students	64,583	117,886	120,491	61,978
<i>Total Liabilities</i>	\$ 69,400	\$ 161,235	\$ 166,270	\$ 64,365

**STATISTICAL
SECTION**

Chagrin Falls Exempted Village School District
General Governmental Revenues by Source and Expenditures by Function (1)
Last Ten Fiscal Years

	2005		2004		2003	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program Revenues						
Charges for Services	\$ 457,246	N/A	\$ 410,606	N/A	\$ 421,324	N/A
Operating Grants and Contributions	695,367	N/A	505,478	N/A	412,244	N/A
Capital Grants and Contributions	16,905	N/A	0	N/A	30,718	N/A
General Revenues						
Taxes	17,664,677	\$ 18,329,367	17,489,507	\$ 17,162,148	13,512,429	\$ 13,302,500
Intergovernmental	4,247,210	4,959,482	4,203,459	4,708,937	3,881,296	4,324,258
Interest	91,320	91,320	15,472	15,472	47,382	47,382
Tuition and Fees	0	49,999	0	49,061	0	80,678
Extracurricular Activities	0	355,895	0	329,479	0	320,931
Rentals	0	51,352	0	17,456	0	19,715
Charges for Services	0	0	0	14,610	0	0
Contributions and Donations	0	113,747	0	87,483	0	80,252
Miscellaneous	154,566	4,429	88,516	10,133	102,179	33,738
Total Revenues	\$ 23,327,291	\$ 23,955,591	\$ 22,713,038	\$ 22,394,779	\$ 18,407,572	\$ 18,209,454
Expenditures:						
Current:						
Instruction:						
Regular	\$ 10,026,597	\$ 9,596,898	\$ 10,019,345	\$ 9,174,555	\$ 9,291,338	\$ 8,467,549
Special	1,636,142	1,646,045	1,350,026	1,336,903	1,189,814	1,175,284
Vocational	71,620	71,620	92,934	92,934	108,138	108,138
Adult/Continuing	0	0	0	0	0	0
Other	29,720	29,720	37,335	37,335	5,912	5,912
Support Services:						
Pupils	1,139,741	1,146,396	1,098,885	1,082,514	1,055,832	1,066,929
Instructional Staff	1,297,374	1,204,234	1,159,805	1,073,138	986,686	981,533
Board of Education	83,165	83,115	79,892	79,733	63,685	63,569
Administration	1,816,179	1,875,080	1,610,209	1,573,006	1,510,595	1,475,971
Fiscal	936,955	945,044	643,052	614,891	668,701	640,565
Business	800	800	800	800	800	800
Operation and Maintenance of Plant	2,479,388	2,334,061	2,499,738	2,305,252	2,427,389	2,152,062
Pupil Transportation	1,120,571	1,130,762	1,097,121	1,058,296	1,063,140	1,066,596
Central	24,281	24,936	21,452	21,452	21,381	21,381
Operation of Non-Instructional Services:						
Services	160,332	151,141	198,003	181,176	209,998	193,699
Extracurricular	690,406	695,109	746,022	727,167	696,643	726,783
Capital Outlay	0	707,912	0	251,793	0	281,643
Debt Service	2,548,040	2,027,891	1,240,118	2,061,606	1,283,851	2,098,803
Reissuance Costs	188,590	188,590	0	0	0	0
Total Expenditures	\$ 24,249,901	\$ 23,859,354	\$ 21,894,737	\$ 21,672,551	\$ 20,583,903	\$ 20,527,217

Source: 2000 - 2005 School District Financial Records, 1996-1999 School District Audit Reports

(1) Includes General, Special Revenue, Capital Projects, Debt Service and Permanent Funds for modified accrual and all governmental activities for full accrual

2002		2001		2000	1999	1998	1997	1996
Full Accrual	Modified Accrual	Full Accrual	Modified Accrual					
\$ 542,802	N/A	\$ 382,113	N/A	N/A	N/A	N/A	N/A	N/A
335,671	N/A	469,647	N/A	N/A	N/A	N/A	N/A	N/A
14,000	N/A	65,926	N/A	N/A	N/A	N/A	N/A	N/A
14,878,900	\$ 14,855,371	13,555,239	\$ 11,631,985	\$ 11,260,565	\$ 10,783,859	\$ 10,312,668	\$ 10,449,962	\$ 9,947,077
3,820,383	4,189,224	3,655,753	3,442,985	3,395,414	3,109,998	3,116,380	2,857,207	2,830,496
225,968	227,195	345,430	298,393	312,237	273,696	787,077	181,674	171,130
0	218,409	0	48,658	139,810	16,012	86,350	87,737	50,560
0	306,534	0	0	0	0	0	0	0
0	17,859	0	14,020	15,781	10,029	7,303	15,549	72,679
0	0	0	0	0	0	0	0	0
0	0	0	0	7,750	0	0	0	0
23,724	74,718	28,824	9,674	10,977	29,831	224,310	6,798	40,298
<u>\$ 19,841,448</u>	<u>\$ 19,889,310</u>	<u>\$ 18,502,932</u>	<u>\$ 15,445,715</u>	<u>\$ 15,142,534</u>	<u>\$ 14,223,425</u>	<u>\$ 14,534,088</u>	<u>\$ 13,598,927</u>	<u>\$ 13,112,240</u>
\$ 9,002,902	\$ 8,125,303	\$ 9,432,792	\$ 8,223,487	\$ 7,504,857	\$ 7,293,985	\$ 7,041,780	\$ 6,863,809	\$ 6,475,586
1,348,927	1,335,649	1,155,300	1,162,013	935,067	730,823	665,632	571,148	495,444
101,713	101,713	55,069	55,069	93,237	50,860	83,922	66,769	76,827
0	0	0	0	0	0	0	0	0
18,144	18,144	0	0	0	0	0	0	0
966,542	969,626	927,785	710,585	638,631	523,662	543,151	525,571	502,942
1,065,858	944,988	754,176	669,023	717,882	604,530	550,762	528,501	435,512
66,055	65,947	57,583	57,571	69,321	73,104	60,420	72,577	61,296
1,349,681	1,383,754	1,309,319	1,237,048	1,443,945	1,195,752	1,025,296	1,174,410	1,119,112
598,479	547,204	414,824	418,715	426,562	449,769	410,866	364,143	352,413
750	750	0	0	17,726	700	1,250	0	810
2,242,666	2,114,661	2,094,832	2,046,261	1,924,526	1,650,103	1,687,855	1,671,468	1,617,632
946,889	988,953	827,971	762,138	942,333	858,975	758,032	753,677	643,026
21,729	21,729	0	0	20,571	18,913	16,962	17,958	17,749
129,891	131,840	185,448	0	9,753	8,129	7,362	7,392	7,371
688,806	690,347	392,947	436,710	440,744	383,500	399,816	333,179	316,742
0	248,154	0	31,426	0	0	110,836	0	18,000
1,237,510	2,116,988	1,358,729	69,316	52,557	31,774	53,987	35,725	34,825
0	0	0	0	0	0	0	0	0
<u>\$ 19,786,542</u>	<u>\$ 19,805,750</u>	<u>\$ 18,966,775</u>	<u>\$ 15,879,362</u>	<u>\$ 15,237,712</u>	<u>\$ 13,874,579</u>	<u>\$ 13,417,929</u>	<u>\$ 12,986,327</u>	<u>\$ 12,175,287</u>

Chagrin Falls Exempted Village School District
Property Tax Levies and Collections, Real, Public Utility Tax and Tangible Personal Property (1)
Last Ten Calendar Years

Year (2)	Total Tax Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As A Percent Of Current Levy	Outstanding Delinquent Taxes (3)	Percent of Outstanding Delinquent Taxes to Tax Levy
2004	\$ 20,789,650	\$ 19,109,806	91.92%	\$ 522,175	\$ 19,631,981	94.43%	\$ 1,432,977	6.89%
2003	17,181,312	15,408,518	89.68%	566,722	15,975,240	92.98%	1,249,800	7.27%
2002	16,715,910	15,247,743	91.22%	469,969	15,717,712	94.03%	1,033,274	6.18%
2001	16,632,773	15,487,332	93.11%	129,365	15,616,697	93.89%	536,097	3.22%
2000	16,316,023	15,384,560	94.29%	357,567	15,742,127	96.48%	431,303	2.64%
1999	14,530,724	13,543,133	93.20%	475,513	14,018,646	96.48%	230,751	1.59%
1998	14,083,263	13,235,117	93.98%	247,088	13,482,205	95.73%	417,960	2.97%
1997	11,772,598	11,509,984	97.77%	311,206	11,821,190	100.41%	371,035	3.15%
1996	12,110,986	11,386,529	94.02%	230,583	11,617,112	95.92%	422,468	3.49%
1995	11,982,218	11,127,650	92.87%	239,555	11,367,205	94.87%	454,208	3.79%

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2005 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Chagrin Falls Exempted Village School District
Property Rates - All Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Collection Year	School Levy	Cuyahoga County Levy	Geauga County Levy	City Levy	Total Levy	Debt Service Included in Total Levy			
						School	County	City	Total
2005	99.80	20.30	15.10	11.50	146.70	4.95	0.88	3.20	9.03
2004	99.80	19.40	15.10	10.40	144.70	5.15	0.91	3.20	9.26
2003	92.20	17.60	14.60	10.40	134.80	5.45	0.91	2.10	8.46
2002	92.10	17.60	14.40	10.40	134.50	5.35	0.86	2.10	8.31
2001	92.30	17.60	14.40	10.50	134.80	5.55	0.79	2.20	8.54
2000	92.80	16.70	13.65	10.60	133.75	6.05	0.85	2.30	9.20
1999	88.00	16.70	13.45	10.70	128.85	5.45	0.72	2.40	8.57
1998	88.90	18.00	13.45	10.70	131.05	5.75	0.60	0.00	6.35
1997	83.90	18.00	13.45	6.50	121.85	1.35	0.90	0.00	2.25
1996	83.90	18.00	13.85	3.30	119.05	1.35	0.87	0.00	2.22

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

Chagrin Falls Exempted Village School District
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Collection Years

<u>Collection Year</u>	<u>Real Property (1)</u>		<u>Public Utility (2)</u>		<u>Tangible Personal Property (3)</u>		<u>Total</u>		<u>Ratio</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	
2005	\$ 434,192,870	\$ 1,240,551,057	\$ 6,879,320	\$ 7,817,409	\$ 7,210,137	\$ 31,348,422	\$ 448,282,327	\$ 1,279,716,888	35%
2004	431,105,710	1,231,730,600	6,873,410	7,810,693	9,333,450	40,580,217	447,312,570	1,280,121,510	35%
2003	402,220,270	1,149,200,771	6,465,970	7,347,693	10,781,967	43,127,874	419,468,207	1,199,676,338	35%
2002	387,295,710	1,106,559,171	7,051,550	8,013,125	10,129,867	40,519,468	404,477,127	1,155,091,764	35%
2001	382,568,900	1,093,054,000	8,017,290	9,110,557	9,737,879	38,951,516	400,324,069	1,141,116,073	35%
2000	345,547,240	987,277,829	8,504,240	9,663,909	10,445,953	41,783,812	364,497,433	1,038,725,550	35%
1999	322,021,960	920,062,743	8,789,110	9,987,625	9,536,826	38,147,304	340,347,896	968,197,672	35%
1998	317,890,080	908,257,371	9,112,050	10,354,602	9,021,757	36,087,028	336,023,887	954,699,001	35%
1997	299,079,840	854,513,829	8,507,228	9,667,305	9,403,380	37,613,520	316,990,448	901,794,654	35%
1996	287,391,730	821,119,229	9,253,200	10,515,000	8,899,606	35,598,424	305,544,536	867,232,653	35%

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis as this is the manner in which Information is maintained by the County Auditor

- (1) Real estate value is assessed at 35% of actual value.
- (2) Public utility personal is assessed at 88% of actual value.
- (3) Tangible personal property is assessed at 25% of actual value for 1996 - 2002.
 For 2003, the percentage of 23% and will be further reduced to 0% by 2013.

Chagrin Falls Exempted Village School District
Ratio of Net General Obligation Bonded Debt to Assessed Value
and Net General Obligation Bonded Debt Per Capita
Last Ten Calendar Years

Collection Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2005	\$ 30,619,978	\$ 448,282,327	14,481	6.83%	\$ 2,114.49
2004	19,760,343	447,312,570	14,481	4.42%	1,364.57
2003	20,877,651	419,468,207	14,481	4.98%	1,441.73
2002	21,665,845	404,477,127	14,481	5.36%	1,496.16
2001	22,606,103	400,324,069	14,481	5.65%	1,561.09
2000	23,363,631	364,497,433	12,552	6.41%	1,861.35
1999	24,001,369	340,347,896	12,096	7.05%	1,984.24
1998	24,504,199	336,023,887	11,938	7.29%	2,052.62
1997	3,095,299	316,990,448	11,938	0.98%	259.28
1996	3,258,434	305,544,536	11,938	1.07%	272.95

Source:

- (1) School District Financial Records
- (2) Cuyahoga County Auditor.
- (3) U.S. Census of Population, 2000 Federal Census.

Chagrin Falls Exempted Village School District
Computation of Legal Debt Margin
June 30, 2005

Assessed Valuation	\$	448,282,327
Bonded Debt Limit - 9% of Assessed Value (1)	\$	40,345,409
Outstanding debt:		
General Obligation Bonds		30,619,978
Amount Available in Debt Service Fund		-
Amount of Debt Subject to Debt Limit:		30,619,978
Overall Debt Margin	\$	9,725,431
Bonded Debt Limit - .1% of Assessed Value (1)		448,282
Amount of Debt Applicable		-
Unvoted Debt Margin	\$	448,282

Source: Cuyahoga County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for voted debt and 1/10 of 1% for unvoted debt.
 All School District debt subject to the limitation is voted.

Chagrin Falls Exempted Village School District
Computation of Direct & Overlapping General Obligation Bonded Debt
 December 31, 2005

	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Application to School District
Direct:			
Chagrin Falls Exempted Village	\$ 30,619,978	100.00%	\$ 30,619,978
Overlapping:			
Cuyahoga County	249,645,029	1.07%	2,671,202
Regional Transit Authority	147,025,000	1.07%	1,573,168
Bentleyville Village	1,100,000	21.00%	231,000
Chagrin Falls Village	4,650,000	59.00%	2,743,500
Moreland Hills village	1,385,000	16.00%	221,600
Total Overlapping	403,805,029		7,440,469
Total	\$ 434,425,007		\$ 38,060,447

Source: Cuyahoga County Auditor - Data is presented on a calendar year basis (Including School District) because that is the manner in which information is maintained by the County Auditor.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2004 collection year.

Chagrin Falls Exempted Village School District
*Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to Total Governmental Expenditures
 Last Ten Years*

Year	Principal	Interest	Total Debt Service	Total Governmental Fund Expenditures	Ratio of Debt Service to Governmental Fund Expenditures (Percentage)
2005	\$ 845,000	\$ 1,133,551	\$ 1,978,551	\$ 24,249,901	8.16%
2004	795,000	1,238,605	2,033,605	21,894,737	9.29%
2003	770,000	1,281,773	2,051,773	20,583,903	9.97%
2002	695,000	1,321,968	2,016,968	19,786,542	10.19%
2001	675,000	1,359,690	2,034,690	15,879,362	12.81%
2000	390,000	1,400,967	1,790,967	15,237,712	11.75%
1999	255,000	1,445,037	1,700,037	13,874,579	12.25%
1998	140,000	1,007,582	1,147,582	13,417,929	8.55%
1997	130,000	265,811	395,811	12,986,327	3.05%
1996	125,000	272,063	397,063	12,175,287	3.26%

Source: School District Financial Records

Chagrin Falls Exempted Village School District
Demographic Statistics
Last Ten Years

Year	Cuyahoga County Population (1)	Geauga County Population (1)	Bentleyville Village Population (2)	Chagrin Falls Village Population (2)	Moreland Hills Village Population (2)	South Russell Village Population (2)	School Enrollment (3)	Cuyahoga County Unemployment Rate (4)	Geauga County Unemployment Rate (4)
2005	1,386,096	90,895	900	4,652	3,400	5,560	1,901	4.8	3.2
2004	1,386,096	90,895	900	4,652	3,400	5,560	1,970	4.8	3.2
2003	1,386,096	90,895	900	4,652	3,400	5,560	1,967	4.8	3.2
2002	1,386,096	90,895	900	4,652	3,400	5,560	1,914	4.8	3.2
2001	1,386,096	90,895	900	4,652	3,400	5,529	1,919	4.6	3.0
2000	1,386,096	89,598	900	4,652	3,400	3,600	1,935	4.6	2.8
1999	1,386,096	87,913	900	4,652	3,400	3,600	1,866	4.5	3.0
1998	1,397,694	86,054	1,017	4,146	3,354	3,579	1,901	4.0	3.5
1997	1,398,169	86,054	1,017	3,993	3,349	3,579	1,855	5.0	3.6
1996	1,398,169	84,260	1,017	3,993	3,349	3,579	1,864	4.7	3.8

- (1) Cleveland Plain Dealer Newspaper.
- (2) U.S. Census of Population, Alta Vista.
- (3) School District Records.
- (4) Department of Job and Family Services.

Chagrin Falls Exempted Village School District
*Property Values, Financial Institution Deposits
and Building Permits
Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Cuyahoga County Financial Institution Deposits (000's)	Geauga County Financial Institution Deposits (000's)	Value of Building Permits Issued
2004	\$ 434,192,870	N/A	N/A	N/A
2003	431,105,710	N/A	N/A	N/A
2002	402,220,270	\$ 95,760,917	\$ 288,126	N/A
2001	387,295,710	63,893,769	255,569	N/A
2000	345,547,240	61,942,764	222,519	N/A
1999	322,021,960	57,021,360	249,478	\$ 5,653,800
1998	317,890,080	56,770,353	254,641	3,411,210
1997	317,890,080	53,941,971	222,203	2,708,780
1996	299,079,840	27,068,211	212,614	4,011,177
1995	287,391,730	22,458,573	194,409	2,296,200

Sources:

- (1) Total Assessed Value - Cuyahoga County Auditor
- Financing Institution Deposits - Federal Reserve Board - Cleveland
- Building Permits - Geauga County Building Department and Akron Board of Review

N/A Information not available at the time this was prepared.

Chagrin Falls Exempted Village School District
Principal Taxpayers - Real Estate Tax
June 30, 2005

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Hamlet Retirement LLC	\$ 4,014,500	0.92%
Western Reserve Company	1,855,710	0.43%
Chagrin Falls Shopping	1,606,500	0.37%
Harris Realty Co.	1,536,440	0.35%
Cleveland Electric Illuminating Company	1,060,240	0.24%
Ohio Bell Telephone Company	1,008,500	0.23%
River Street Partners LLC.	884,660	0.20%
Chagrin Townhomes, Inc.	840,860	0.19%
JPJ Properties LLC.	739,710	0.17%
BHC Windsor Hospital, Inc.	<u>593,710</u>	<u>0.14%</u>
Total	<u>\$ 14,140,830</u>	<u>3.24%</u>
<i>Total Real Assessed Value</i>	<u>\$ 434,192,870</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2005 collection year.

Chagrin Falls Exempted Village School District
Principal Taxpayers - Tangible Personal Property Tax
June 30, 2005

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
Alcoa, Inc.	\$ 1,271,940	17.64%
Nalco Company	348,470	4.83%
Adelphia of the Midwest, Inc.	206,570	2.86%
Riser Foods Company	203,950	2.83%
CVS Discount Drug	198,530	2.75%
Chagrin Pet and Garden Supply	198,480	2.75%
Cuffs Clothing	171,440	2.38%
American Teleradiology	138,230	1.92%
Lyon Financial Services	123,130	1.71%
Cleveland Plumbing Supply Co.	114,780	1.59%
Total	<u>\$ 2,975,520</u>	<u>41.26%</u>
<i>Total Real Assessed Value</i>	<u>\$ 7,210,137</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2005 collection year.

Chagrin Falls Exempted Village School District
Principal Taxpayers - Public Utilities Tax
June 30, 2005

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Cleveland Electric Illuminating Company	\$ 1,060,240	15.41%
Ohio Bell Telephone	615,340	8.94%
Norfolk Southern Combined	153,520	2.23%
American Wireless Transmission	119,390	1.74%
East Ohio Gas Company	61,410	0.89%
Ameritech Advanced	57,220	0.83%
Total	\$ 2,067,120	30.04%
<i>Total Real Assessed Value</i>	<i>\$ 6,879,320</i>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2005 collection year.

Chagrin Falls Exempted Village School District
Cost Per Pupil
Last Ten Fiscal Years

Year	General Fund Expenditures	Average Daily Student Enrollment	Cost Per Pupil
2005	\$ 24,249,901	1,901	\$ 12,756
2004	21,894,737	1,970	11,114
2003	20,583,903	1,967	10,465
2002	19,786,542	1,914	10,338
2001	15,879,362	1,919	8,275
2000	15,237,712	1,935	7,875
1999	13,874,579	1,866	7,435
1998	13,417,929	1,901	7,058
1997	12,986,327	1,855	7,001
1996	12,175,287	1,864	6,532

Source: School District Financial Records

Chagrin Falls Exempted Village School District
Teacher Education and Experience
 June 30, 2005

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	15	9.81%
Bachelor + 10	6	3.92%
Bachelor + 20	17	11.11%
Bachelor + 30	17	11.11%
Master's Degree	46	30.07%
Master's + 10	29	18.95%
Master's + 20	12	7.84%
Master's + 30	10	6.54%
Phd	1	0.65%
Total	153	100.00%

Years of Experience	Number of Teachers		Percentage of Total	
	Chagrin Falls EVSD Experience	Total Experience	Chagrin Falls EVSD Experience	Total Experience
0-5	66	28	43.14%	18.30%
6-10	32	52	20.92%	33.99%
11 and over	55	73	35.95%	47.71%
	153	153	100.00%	100.00%

Source: School District Personnel Records.

CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

REPORT LETTER

JUNE 30, 2005

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 29, 2005

The Board of Education
Chagrin Falls Exempted Village School District
Chagrin Falls, Ohio 44022

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

We have audited the financial statements of Chagrin Falls Exempted Village School District as of and for the year ended June 30, 2005, and have issued our report thereon dated November 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

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

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

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**CHAGRIN FALLS EXEMPTED VILLAGE 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
DECEMBER 30, 2005**