



**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

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

Board of Education
Beachwood City School District
Cuyahoga County
24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

We have audited the financial statements of the Beachwood City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 16, 2004, wherein we noted the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, reclassified the Consortium Fund, and eliminated the Termination Benefits Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated January 16, 2004.

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



Betty Montgomery
Auditor of State

January 16, 2004

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2003**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2003-001
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Noncompliance Citation

Appropriations Exceeded Estimated Resources

Ohio Revised Code Section 5705.39 prohibits a political subdivision from making fund appropriations in excess of estimated resources available for expenditure.

The bond retirement fund had original and final appropriations in excess of estimated resources and carry over balances in the amounts of \$2,379,307 and \$2,465,197 respectively.

We recommend the District compare appropriations to estimated revenues in all funds which are legally required to be budgeted, to ensure compliance with the above requirement. We also recommend the District update their certificate of estimated revenues in a timely manner for all changes in financial condition, including the issuance of debt.

Finding Number	2003-002
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Internal Control Weakness

Food Service CN Reports

The Food Service Department is required by the Ohio Department of Education to complete and retain copies of CN-7 reports on a daily basis. This CN report includes information regarding the number of type A and free and reduced lunches served and the amount of revenue collected. The CN report is also sent to the Ohio Department of Education for informational purposes and to receive reimbursement and aid for the food service program.

During our testing of food service receipts we noted that the District could not locate any CN-7 reports for the elementary schools. We also noted 23 out of 99 days tested where the high school's Sales Activity Report did not agree to the amount reported on the CN-7 or Daily Cash Report. There were 16 out of 99 days tested where the CN-7 report did not agree to the Treasurer's receipt and where the CN-7 report was incomplete.

We recommend the District complete CN-7 reports properly and in a timely manner so they contain accurate information. We also recommend that the District retain copies of all required documentation.

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
BEACHWOOD CITY SCHOOL DISTRICT
for the
FISCAL YEAR ENDED JUNE 30, 2003



Prepared by Treasurer's Department

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

24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

BEACHWOOD CITY SCHOOL DISTRICT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2003

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BEACHWOOD CITY SCHOOL DISTRICT
24601 Fairmount Boulevard
Beachwood, OH 44122
Phone: 216.464.2600

January 16, 2004

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

Dear Board Members:

The comprehensive annual financial report of the Beachwood City School District for the fiscal year ended June 30, 2003, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report is divided into the following sections:

- o The Introductory Section, which includes this Transmittal Letter, a List of Principal Officials, the District's Organizational Chart and the GFOA Certificate of Achievement.
- o The Financial Section, which includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the District's financial position and operating results, the Combining Statements by Fund Type, and other schedules providing detailed information relative to the Basic Financial Statements, as well as the Independent Accountants' Report on the financial statements and schedules.
- o The Statistical Section, which includes related financial and demographic information, generally presented on a multi-year basis.

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

Beachwood City School District

The School District

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

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

Major Initiatives

Mission and Vision

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

Board of Education Goals

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

Goal #1 - Process Improvement. Create and foster a culture that uses process improvement to achieve quality and excellence. Our thirty four member Professional Development Committee plans the staff development initiatives that further enhance teaching and learning throughout our District.

Goal #2 – Accountability. Requires that all members of the community, Board members, administrators, staff and students be accountable for their actions, with outcomes measured and evaluated against quality standards. The overall proficiency scores in every grade have increased over the past four years. These are significant gains. They reflect dynamic improvements to our curricula, in alignment with the third goal established by our Board.

Goal #3 - Dynamic Improvements to the Curriculum. As part of the SMART Consortium – Science and Mathematics Achievement Required for Tomorrow – Beachwood is at the forefront of nationwide improvement in education. We are working to align math and science curricula with peak-performing countries, the very best in the world. We are teaching our students advanced new math and science concepts that require the use of critical thinking skills, all so that our children will be able to compete in a global marketplace.

Beachwood City School District

Goal #4 - Robust Communication. As a District, we are committed to broad, two-way communication with the constituencies we serve – our students, parents, staff and community leaders. We have improved system communications and delivery channels and expanded local media coverage. The District conducted three opinion surveys of students, parents and staff to determine their views on our overall performance to use as a baseline from which to move forward. The quality of our teaching and curriculum was the highest rated program/service on the survey.

Goal #5 - Enhanced Use of Technology. We have committed extensive resources toward the integration of technology at every level, from our very youngest “techies” to our extensive technology-based high school curricula to sophisticated administrative functions. This has brought us recognition from the National School Boards Association Technology Network, placing us in the top half of one percent nationwide in the use of technology in the classroom. In addition, the District provided a laptop computer for every Middle School student and teacher to improve the educational delivery system through technology.

Goal #6 - Fiscal Responsibility. Our District is committed to providing the necessary financial resources for the support of our instructional programs through prudent management and fiscal responsibility.

Goal #7 - Safety. We realize that safety must be a paramount concern in today’s environment. We have implemented advanced emergency communication and fire alarm systems, and implemented the final stages of a program to secure our elementary school entrances. We have enjoyed the support and collaboration of the City of Beachwood and its police and fire departments.

Major Initiatives and Accomplishments

The 2002-03 school year, a year of great challenge, success and growth, marked a time of historic firsts for the Beachwood School District:

The District participated in Interest-Based Bargaining with the Beachwood Federation of Teachers (BFT). Members from both management and labor teams were sent to training and then participated in an expedited negotiations session over a three-day period using the Interest-Based Bargaining model. The District successfully negotiated a three-year agreement with the BFT and was very pleased by the collaborative leadership throughout the process that resulted in contract ratification.

The Beachwood schools have been recognized for excellence by the U.S. Department of Education, the Ohio Department of Education, the Ohio State Board of Education, and the Ohio Association of Elementary Schools Administrators.

We have won acclaim from Harvard University, the National School Boards Association, and the National School Public Relations Association. Our schools have won three Blue Ribbons and two Hall of Fame awards.

This past school year, as in previous years, our students earned top honors from national, state and local organizations such as National Merit Scholarship Program, Science Olympiad, American Mathematics Competition, Power of the Pen and Destination Imagination.

Nineteen of our seniors, representing 14 percent of the class, received National Merit Scholar recognition. This is the highest number of National Merit Scholars in Beachwood’s history and, even more significantly,

Beachwood City School District

compares with a national average of 1 to 2 percent.

This year, 54 percent of our students were accepted to highly selective colleges – 16 percent more than our first year goal. In addition, our students received a record \$2.9 million in college scholarships in 2003.

The District also embarked on a District-wide character education program that has significantly decreased bullying incidents at our elementary and middle schools. Our character education program has been a major force for positive change in the climate of all of our schools.

The District adopted a new logo. We in the Beachwood School District think the most important thing we can teach our children is a continual quest for knowledge, the willingness to tackle new challenges, and a continual yearning to learn. Our new logo, a contemporary icon of three differently colored figures reading, reflects our slogan: *Beachwood School – Learning for Life*.

The District is deeply involved in and committed to the Malcolm Baldrige National Quality Award process. The Baldrige process is not an awards program, but instead an evolving journey that helps an organization identify its strengths and weaknesses using a data-driven business model. The Beachwood School District joins hundreds of corporations, nonprofit groups, health care facilities and schools in using this valuable process to assess and improve our organizational performance.

Financial Information

Accounting and Budgetary Controls

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

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

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

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

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

Beachwood City School District

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

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

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

Financial Reporting

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

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

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

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

Debt Administration

At June 30, 2003, the District had general obligation bond issues outstanding of \$18,814,982. The District participated in a bus financing pool to purchase three buses. The District's total debt for the bus financing pool is \$75,000. The bus financing pool debt is not counted toward the District's voted or un-voted debt limits. See Note 16 of the Notes to the Basic Financial Statements.

Under the current Ohio Revised Code, the District's general obligation bonded debt issuances are subject to a legal limitation on both voted and un-voted debt. The limitation is based on 9% and .1% respectively, of the total assessed value of real and personal property. At June 30, 2003, the District's voted general obligation

Beachwood City School District

bonded debt of \$18,814,982 was substantially below the legal limit of \$63,294,713 (voted). In addition, the District had no un-voted debt at June 30, 2003. The District has received an Aa2 rating confirmed from Moody's Investors Service in October 2002.

In May 2002, the voters passed a 1.8 mill bond issue. The District issued bonds on November 1, 2002, in the amount of \$15,750,000. In addition, the District refinanced debt from 1991 for various improvements in the amount of \$3,064,982. The bond proceeds of \$15,750,000 were used to retire bond anticipation notes on January 30, 2003. Refer to Note 16 in the Notes to the Basic Financial Statements.

Cash Management

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

Risk Management

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

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

Significant Local Economic Events

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

The economic condition and outlook for the community is positive, especially considering the economic downturn in the Midwest. The growth in the tax duplicate has been primarily realized due to the continued development of both office and retail commercial property and residential development. The community's tax base is fairly evenly distributed between commercial and residential property. Forty-six percent of the District's valuation is comprised of residential property and 54 percent is comprised of commercial or public utility property. The District's valuation for both residential and commercial real estate continues to increase in market value.

The City of Beachwood has annexed 400 acres from a neighboring community in order to develop a proposed \$500 million, 633-acre corporate complex featuring office space, a retail mall and at least one hotel. The District signed an agreement with the Warrensville Heights School District to share in any future tax revenue. Beachwood Schools would receive 30% of the tax revenue from all future development. Originally, Warrensville Heights School District was the sole beneficiary of school tax revenues. The District considers

Beachwood City School District

the successful negotiation of tax-sharing a major accomplishment that will enhance school revenues in the future. As of the date of this financial statement, it is expected, due to the general state of the economy, that tax revenue sharing will not be forthcoming for a number of years.

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

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

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

Prospects for The Future

House Bill 920, which was enacted in 1976 by the Ohio legislature, has severely limited schools in their funding initiatives. This law prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of property values. Although the District's total operating millage is 71.8 mills, the effective millage levied and collected is 30.33 and 36.32 respectively, for residential and commercial property.

The District opened its state-of-the-art Middle School in August 2003, and also provided every Middle School student and staff member a laptop computer for educational purposes. This is an innovative program that will enhance teaching and learning through technology.

Bond proceeds also are being used to build an entrance/atrium at the High School. Construction is expected to be completed at the end of November 2003.

House Bill 95, passed in June 2003 as part of the State of Ohio's biennial budget, further limited a school district's ability to collect certain property taxes, including: eliminating personal property tax-exempt small businesses (which the State of Ohio pays on behalf of the small business owner) by 10% each year over the next ten years; and an expedited elimination of inventory tax on personal property, which the District estimates to be an annual loss of \$50,000-\$100,000. These funding changes will force the District to seek voter- approved levies more frequently than it has historically.

The District's superintendent, Paul R. Williams, Ph.D., announced his retirement effective July 31, 2004. The District hired The Bickert Group, a nationwide search firm, to assist in recruiting a qualified replacement for Dr. Williams.

Other Information

Independent Audit

The Ohio Revised Code requires an annual audit of the District's financial statements and its compliance with certain sections of the Ohio Revised Code. The Ohio Auditor of State conducted the District's 2003 fiscal year audit. The Independent Accountants' Report appears at the beginning of the Financial Section of this report.

Beachwood City School District

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Beachwood City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2002. (This was the 15th consecutive year that the Beachwood City School District earned this prestigious award.) In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

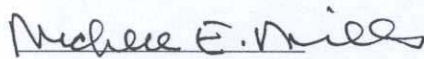
Acknowledgments

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

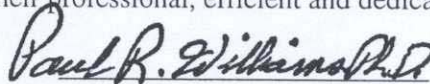
Sincere appreciation is extended to the Board of Education, who continues to strive for excellence in the schools at all levels. The commitment to our students, staff and community begins with them. Without their support, this report would not be possible.

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

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



Michele E. Mills,
Finance Director/Treasurer



Paul R. Williams, Ph.D.
Superintendent of Schools

Beachwood City School District

Elected Officials

Board of Education

Dr. Scott Peters President

Mrs. Beth Rosenbaum..... Vice President

Mrs. Sylvia Aarons Member

Mr. Martin Horwitz..... Member

Mr. David Ostro Member

Appointed Officials

Director of Finance/Treasurer

Michele E. Mills

Administration

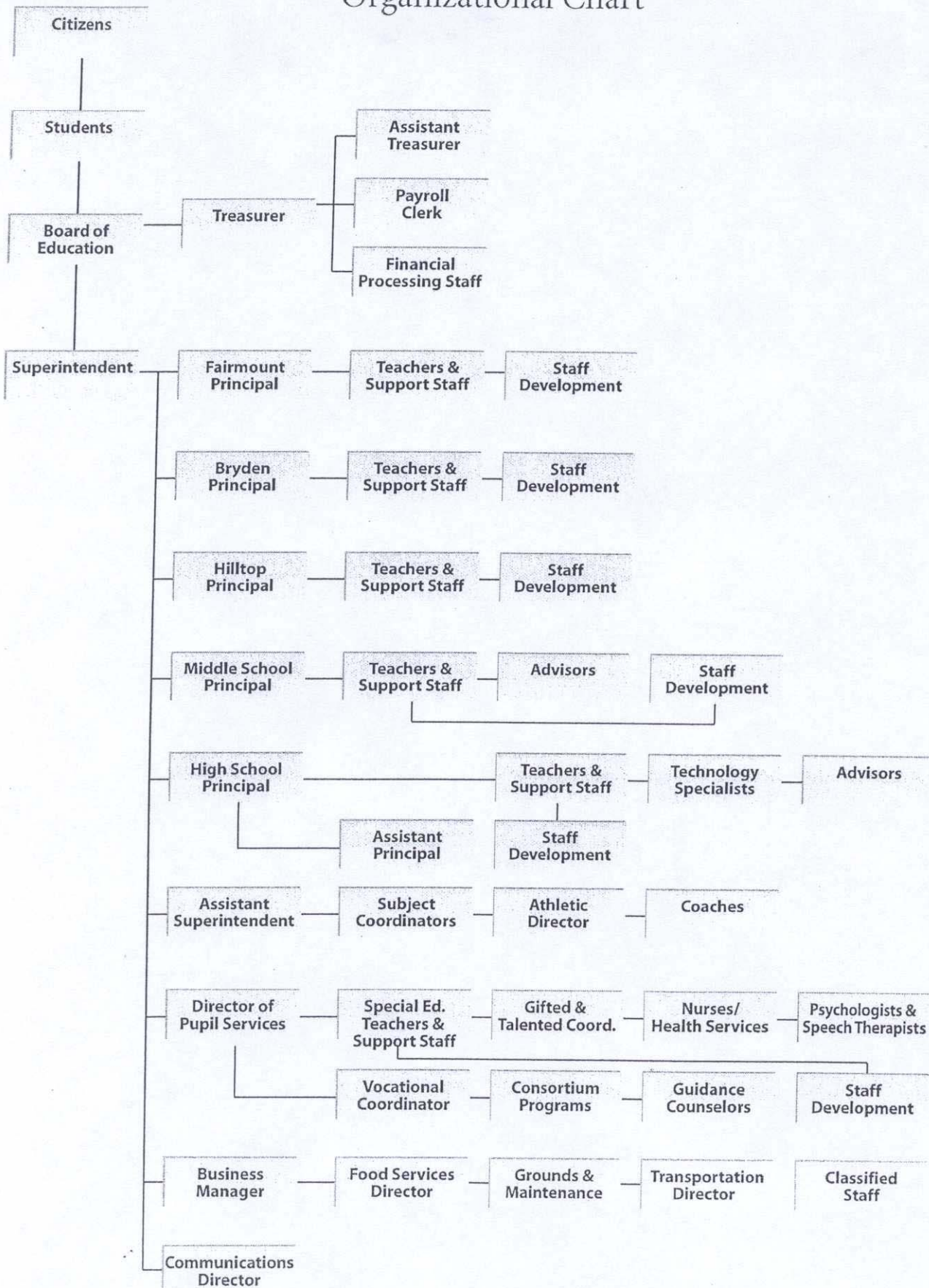
Dr. Paul R. Williams..... Superintendent

Dr. Rosemary Weltman..... Assistant Superintendent

Mr. Lawrence Tomec..... Business Manager

Mr. John Occhino..... Director of Pupil Services

Beachwood City Schools Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Beachwood City School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Beachwood City School District
Cuyahoga County
24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beachwood City School District, Cuyahoga County, Ohio (the "District") as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Beachwood City School District, Cuyahoga County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General and Consortium funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, reclassified the Consortium Fund, and eliminated the Termination Benefits Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Betty Montgomery
Auditor of State

January 16, 2004

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The discussion and analysis of the Beachwood City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$779,817, which represents a 7.67 percent increase from 2002.
- General revenues accounted for \$29,314,557 in revenue or 84 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,576,624 or 16 percent of total revenues of \$34,891,181.
- Total assets of governmental activities increased by \$2,063,571 as cash decreased by \$10,466,486, while tax and other receivables increased by \$2,951,722.
- The District had \$34,111,364 million in expenses related to governmental activities; only \$5,576,624 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$29,314,557 were adequate to provide for these programs.
- Among major funds, the general fund had \$26,451,546 in revenues and \$27,641,345 in expenditures. The general fund's fund balance declined to \$2,686,178 from \$3,968,378 due to the timing of the District's last operating levy, which passed in May, 2002. Collections for this levy began January, 2003.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

The analysis of the District as a whole begins on page 23. While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and Statement of Activities answer this question. These statements include *all assets and all liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 20. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement, permanent improvement, building and consortium funds.

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

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The School District as a Whole

As you may recall the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets as of June 30, 2003 compared to June 30, 2002:

	Governmental Activities	
	2003	2002
Assets		
Current and Other Assets	\$40,038,815	\$47,643,352
Capital Assets	27,460,014	17,791,906
Total Assets	67,498,829	65,435,258
Liabilities		
Other Liabilities	28,543,088	41,675,113
Long-term Liabilities	28,005,882	13,590,103
Total Liabilities	56,548,970	55,265,216
Net Assets		
Invested in Capital Assets		
Net of Debt	2,427,232	7,572,446
Restricted	7,646,040	134,873
Unrestricted	876,587	2,462,723
Total Net Assets	\$10,949,859	\$10,170,042

Total assets increased \$2,063,571. Equity in pooled cash and cash equivalents decreased \$10,466,486. Taxes receivable increased \$2,911,232, of this increase, \$2,206,752 is offset by an increase in deferred revenue. The increase in taxes receivable resulted from collecting on the 8.0 mill additional operating levy .

Net assets of the District's governmental activities increased by \$779,817. The surplus in unrestricted net assets decreased by \$1,586,136.

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2003 are not available. In the future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

	Governmental Activities <u>2003</u>
Program Revenues	
Charges for Services	\$4,181,340
Operating Grants	1,356,195
Capital Grants	39,089
General Revenue:	
Property Taxes	25,000,564
Grants and Entitlements	4,089,674
Investments	364,914
Other	<u>(140,595)</u>
Total Revenue	<u>\$34,891,181</u>
Program Expenses	
Instruction:	
Regular	\$10,778,243
Special	4,585,415
Vocational	1,022,011
Adult/Continuing	171,353
Other	453,982
Support Services:	
Pupil	2,688,550
Instructional Staff	971,811
Board of Education	284,394
Administration	2,398,216
Fiscal	696,353
Business	579,234
Operation and Maintenance of Plant	3,511,269
Pupil Transportation	1,764,492
Central	902,864
Operation of Non-instructional Services	683,080
Extracurricular Activities	944,606
Capital Outlay	647,931
Interest and Fiscal Charges/Other	<u>1,027,560</u>
Total Expenses	<u>\$34,111,364</u>
 Increase (Decrease) in Net Assets	 <u><u>\$779,817</u></u>

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and its value was increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 72 percent of revenues for governmental activities for the District in fiscal year 2003.

Instruction comprises 50 percent of governmental program expenses. Interest expense was 3 percent. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3 - Governmental Activities

	Total Cost of Services 2003	Net Cost of Services 2003
Instruction	\$17,011,004	\$12,501,325
Support Services		
Pupil and Instructional Staff	3,660,361	3,468,447
Board of Education, Administration, Fiscal and Business	3,958,197	3,941,138
Operation and Maintenance of Plant	3,511,269	3,332,007
Pupil Transportation	1,764,492	1,708,154
Central	902,864	830,304
Operation of Non-instructional Services	683,080	200,216
Extracurricular Activities	944,606	877,658
Capital Outlay	647,931	647,931
Interest and Fiscal Charges/Other	1,027,560	1,027,560
Total Expenses	<u>\$34,111,364</u>	<u>\$28,531,740</u>

The dependence upon tax revenues for governmental activities is apparent. Over 58 percent of instruction activities are supported through taxes and other general revenues, for all governmental activities general revenue support is 86 percent. The community, as a whole, is by far the primary support for the District's students.

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The School District's Funds

Information about the District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$34,084,365 and expenditures of \$46,022,755. The net change in the general fund balance for the year was a decline of \$1,282,200. This decrease is due to an increase in expenditures and also the timing of the tax collections on an 8.0 mill operating levy, which passed in May, 2002 but only began collection in the last half of the fiscal year (January – June, 2003). This trend is expected to reverse as full year collections in ensuing years will increase property tax revenues at a level commensurate with increased expenditures. The net change in fund balance for the building fund increased significantly due to the passage of a 1.8 mill bond issue to build the Middle School. The building fund balance increase by \$6,359,122. The permanent improvement fund balance decreased \$1,319,492.

General Fund Budgeting Highlights

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

During the course of fiscal year 2003, the District amended its general fund budget numerous times, none significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$183,546 less than the final budget estimates of \$26,711,124. Of this difference, most was due to a decline in revenue from the State of Ohio.

There was one amendment to the original appropriations during fiscal year 2003.

The District's ending unobligated cash balance was \$214,789 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the District had \$ 27,460,014 in net capital assets for governmental activities. Table 4 shows fiscal 2003 balances compared to 2002:

	Governmental Activities	
	2003	2002
Land	\$831,499	\$831,499
Land Improvements	1,239,353	1,004,608
Buildings and Improvements	14,773,637	9,780,456
Equipment	874,200	919,357
Buses and Vehicles	487,085	609,316
Construction in Progress	9,254,240	4,646,670
Totals	\$27,460,014	\$17,791,906

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Net capital assets, except land and construction in progress are shown net of depreciation.

The primary increase occurred in buildings and building improvements due to various capital projects at Bryden Elementary (additional classrooms and lunch room) and Hilltop Elementary School (new gym, various renovations and a lunch room). The decrease in vehicles and equipments are the result of depreciation expense over current year acquisitions. Land improvements increased due to a number of additions of two new athletic fields in the District. Construction in progress is due to the building of the District's Middle School.

As of June 30, 2003, the District has contractual commitments for additions on High School Science Lab and construction a new Middle School. The balance outstanding on these contracts is \$1,442,003 and \$4,380,964, respectively.

Debt

At June 30, 2003, the District had \$24,493,226 in bonds and notes outstanding, \$1,940,171 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5 - Outstanding Debt, at Year End

	Governmental Activities 2003	Governmental Activities 2002
General Obligation Bonds		
1992 Bus Financing Pool	\$75,000	\$144,000
1991 Refunding School Improvement Bonds	0	3,715,000
1998/2000 Tax Anticipations Notes	5,125,000	5,955,000
2002 School Bonds Premium	478,244	
2002 Unamortized Accounting Gain	185,213	
2002 School Improvement Bonds	18,629,769	0
Note Payable		
2002 Bond Anticipation Note	0	15,750,000
Total	<u>\$24,493,226</u>	<u>\$25,564,000</u>

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

In 2003, the District issued a \$15,750,000 bond issue for the purpose of building a new Middle School. In addition, the District did an advanced refunding of an outstanding bond issue in the amount of \$3,065,000 at a much more favorable interest rate, saving approximately \$261,000 in interest expense over the life of the issue.

At June 30, 2003, the District's overall legal debt margin was \$44,479,731 with an unvoted debt margin of \$703,275. The District maintains an Aa2 bond rating.

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

For the Future

The Beachwood City School District closed out its fiscal year on June 30, 2003 on a positive note staying within the appropriations approved by the Board of Education and spending less than anticipated for the year. According to current financial projections, as evidenced by the District's 5-year plan, the District will not need additional operating revenues until the 2005-06 school year, consistent with the promise the Board made to the community during the last levy campaign.

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

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

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

Contacting the School District's Financial Management

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

Beachwood City Schools
Statement of Net Assets
June 30, 2003

	<u>Governmental</u> <u>Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 10,745,902
Materials and Supplies Inventory	89,540
Accrued Interest Receivable	18,860
Accounts Receivable	25,195
Intergovernmental Receivable	198,435
Property and Other Local Taxes Receivable	28,775,670
Deferred Charges	185,213
Non-Depreciable Capital Assets	10,085,739
Depreciable Capital Assets, net	<u>17,374,275</u>
<i>Total Assets</i>	<u>67,498,829</u>
LIABILITIES:	
Accounts Payable	1,233,229
Accrued Wages and Benefits	2,686,728
Intergovernmental Payable	435,290
Due to Others	9,630
Matured Bonds Payable	86,363
Deferred Revenue	24,091,848
Long-Term Liabilities:	
Due Within One Year	2,774,279
Due in More Than One Year	<u>25,231,603</u>
<i>Total Liabilities</i>	<u>56,548,970</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	2,427,232
Restricted for Debt Service	1,353,347
Restricted for Capital Projects	6,108,033
Restricted for Other Purposes	49,787
Restricted for Set Asides	134,873
Unrestricted	<u>876,587</u>
<i>Total Net Assets</i>	<u><u>\$ 10,949,859</u></u>

See Accompanying Notes to Basic Financial Statements

Beachwood City Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 10,778,243	\$ 252,383	\$ 23,646	
Special	4,585,415	2,195,528	634,823	
Vocational	1,022,011	545,984	303,901	
Adult/Continuing	171,353	153,725		
Other	453,982	399,689		
Support Services:				
Pupils	2,688,550	14,869	143,719	
Instructional Staff	971,811	1,795	31,531	
Board of Education	284,394			
Administration	2,398,216		7,629	
Fiscal	696,353	1,759		
Business	579,234	6,121	1,550	
Operation and Maintenance of Plant	3,511,269	179,262		
Pupil Transportation	1,764,492	40,968		15,370
Central	902,864	20,950	27,891	23,719
Operation of Non-Instructional Services:				
Food Service Operations	526,397	301,359	25,726	
Community Services	156,683		155,779	
Extracurricular Activities	944,606	66,948		
Capital Outlay	647,931			
Debt Service:				
Interest and Fiscal Charges	1,027,560			
Total Governmental Activities	34,111,364	4,181,340	1,356,195	39,089
Totals	\$ 34,111,364	\$ 4,181,340	\$ 1,356,195	\$ 39,089

General Revenues:

Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Loss on Sale of Capital Assets
Miscellaneous
Property and Other Local Taxes
Transfers

Total General Revenues, Transfers and Property Taxes

Change in Net Assets

Net Assets Beginning of Year (See Note 3)

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

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

Governmental Activities	Total
\$ (10,502,214)	\$ (10,502,214)
(1,755,064)	(1,755,064)
(172,126)	(172,126)
(17,628)	(17,628)
(54,293)	(54,293)
(2,529,962)	(2,529,962)
(938,485)	(938,485)
(284,394)	(284,394)
(2,390,587)	(2,390,587)
(694,594)	(694,594)
(571,563)	(571,563)
(3,332,007)	(3,332,007)
(1,708,154)	(1,708,154)
(830,304)	(830,304)
(199,312)	(199,312)
(904)	(904)
(877,658)	(877,658)
(647,931)	(647,931)
<u>(1,027,560)</u>	<u>(1,027,560)</u>
<u>(28,534,740)</u>	<u>(28,534,740)</u>
<u>\$ (28,534,740)</u>	<u>\$ (28,534,740)</u>
4,089,674	4,089,674
364,914	364,914
(162,647)	(162,647)
26,826	26,826
25,000,564	25,000,564
<u>(4,774)</u>	<u>(4,774)</u>
<u>29,314,557</u>	<u>29,314,557</u>
779,817	779,817
<u>10,170,042</u>	<u>10,170,042</u>
<u>\$ 10,949,859</u>	<u>\$ 10,949,859</u>

Beachwood City Schools
Balance Sheet
Governmental Funds
June 30, 2003

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Building Fund</u>	<u>Consortium Fund</u>
ASSETS:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 914,394	\$ 917,277	\$ 202,140	\$ 6,730,823	\$ 1,443,231
Restricted Cash	134,873				
Materials and Supplies Inventory	86,795				
Accrued Interest Receivable	13,707			5,153	
Accounts Receivable	24,336				859
Interfund Receivable	901,377				
Intergovernmental Receivable				195,092	
Property and Other Local Taxes Receivable	<u>25,283,140</u>	<u>2,876,854</u>	<u>615,676</u>		
Total Assets	<u>\$ 27,358,622</u>	<u>\$ 3,794,131</u>	<u>\$ 817,816</u>	<u>\$ 6,931,068</u>	<u>\$ 1,444,090</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	30,931		28,403	1,171,827	166
Accrued Wages and Benefits	2,320,053				311,312
Interfund Payable					852,877
Intergovernmental Payable	376,629				40,177
Due to Others		86,363			
Deferred Revenue	<u>21,944,831</u>	<u>2,402,008</u>	<u>515,019</u>	<u>195,092</u>	
Total Liabilities	<u>24,672,444</u>	<u>2,488,371</u>	<u>543,422</u>	<u>1,366,919</u>	<u>1,204,532</u>
Equity:					
FUND BALANCES:					
Reserved:					
Reserved for Encumbrances	254,416		78,093	5,832,354	5,488
Reserved for Inventory	86,795				
Reserved for Property Taxes	3,230,320	467,897	99,032		
Reserved for Budget Stabilization	134,873				
Unreserved, Undesignated, Reported in:					
General Fund	(1,020,226)				
Special Revenue Funds					234,070
Debt Service Funds		837,863			
Capital Projects Funds			97,269	(268,205)	
Total Fund Balances	<u>2,686,178</u>	<u>1,305,760</u>	<u>274,394</u>	<u>5,564,149</u>	<u>239,558</u>
Total Liabilities and Fund Balances	<u>\$ 27,358,622</u>	<u>\$ 3,794,131</u>	<u>\$ 817,816</u>	<u>\$ 6,931,068</u>	<u>\$ 1,444,090</u>

See Accompanying Notes to the Basic Financial Statements

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$10,200,364
		<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
\$ 258,351	\$ 10,466,216		
	134,873	Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	
2,745	89,540	Nondepreciable capital assets	10,085,739
	18,860	Depreciable capital assets	17,374,275
	25,195		
	901,377		
3,343	198,435	Deferred charges (unamortized bond issuance costs) are not reported in the funds as an asset:	185,213
	<u>28,775,670</u>		
<u>\$ 264,439</u>	<u>\$ 40,610,166</u>	Deferred revenue, including delinquent property tax revenues, are not receivable in the current period and therefore, are not reported in the funds:	
		Deferred revenue	965,337
1,058	1,232,385	Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
56,207	2,687,572	Due within one year	(2,774,279)
48,500	901,377	Due within more than one year	(25,231,603)
18,484	435,290		
9,630	9,630		
<u>235</u>	<u>25,057,185</u>		
		Internal service funds are used by management to charge the vision expenses in the governmental activities in the Statement of Net Assets:	<u>144,813</u>
134,114	<u>30,409,802</u>	Net Assets of Governmental Activities	<u><u>\$10,949,859</u></u>
14,479	6,184,830		
	86,795		
	3,797,249		
	134,873		
	(1,020,226)		
90,884	324,954		
	837,863		
<u>24,962</u>	<u>(145,974)</u>		
<u>130,325</u>	<u>10,200,364</u>		
<u>\$ 264,439</u>	<u>\$ 40,610,166</u>		

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Building Fund</u>	<u>Consortium Fund</u>
REVENUES:					
Property and Other Local Taxes	\$21,441,191	\$2,346,085	\$451,970	\$0	\$0
Intergovernmental	3,773,011	273,011	48,138		705,037
Interest	146,939		8,288	209,687	
Tuition and Fees	868,942				2,162,549
Rent	14,262				
Extracurricular Activities					
Gifts and Donations					
Customer Sales and Services	160,620				26,683
Miscellaneous	46,581	524	1,500		
<i>Total Revenues</i>	<u>26,451,546</u>	<u>2,619,620</u>	<u>509,896</u>	<u>209,687</u>	<u>2,894,269</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	10,590,782		26,743		
Special	3,561,477				864,302
Vocational	159,051				827,630
Adult/Continuing					
Other	38,439				
Support Services:					
Pupils	1,489,768				969,187
Instructional Staff	932,547				
Board of Education	263,595				
Administration	2,452,340				
Fiscal	687,162				
Business	579,111				
Operation and Maintenance of Plant	3,487,810		3,908		
Pupil Transportation	1,646,430				
Central	997,906		6,050		652
Operation of Non-Instructional Services:					
Food Service Operations					
Community Services					
Extracurricular Activities	754,927				
Capital Outlay			1,778,728	9,600,565	
Debt Service					
Principal		1,549,000			
Interest		910,926	13,959		
Issuance Costs		185,213			
<i>Total Expenditures</i>	<u>27,641,345</u>	<u>2,645,139</u>	<u>1,829,388</u>	<u>9,600,565</u>	<u>2,661,771</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,189,799)</u>	<u>(25,519)</u>	<u>(1,319,492)</u>	<u>(9,390,878)</u>	<u>232,498</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In					7,050
General Obligation Bonds Issued		3,064,982		15,750,000	
Proceeds from Sale of Fixed Assets	8,900				
Inception of Capital Lease	214,273				
Other Financing Sources		503,415			
Transfers Out	(315,574)				
Refund of Prior Year Receipts					
Other Financing Uses - advanced refunding		(3,192,846)			
<i>Total Other Financing Sources and Uses</i>	<u>(92,401)</u>	<u>375,551</u>	<u>0</u>	<u>15,750,000</u>	<u>7,050</u>
<i>Net Change in Fund Balances</i>	<u>(1,282,200)</u>	<u>350,032</u>	<u>(1,319,492)</u>	<u>6,359,122</u>	<u>239,548</u>
<i>Fund Balance (Deficit) at Beginning of Year (See Note 3)</i>	<u>3,968,378</u>	<u>955,728</u>	<u>1,593,886</u>	<u>(794,973)</u>	<u>10</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,686,178</u>	<u>\$ 1,305,760</u>	<u>\$ 274,394</u>	<u>\$ 5,564,149</u>	<u>\$ 239,558</u>

See Accompanying Notes to the Basic Financial Statements

<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>		
\$0	\$24,239,246	Net change in Fund Balances - Total Governmental Funds	\$ 4,403,894
462,184	5,261,381		
847	365,761	<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
378,345	3,409,836		
	14,262		
66,402	66,402	Governmental Funds report capital outlays as expenditures. However in the Statement of Activities the cost of those assets is allocated over the estimated useful lives of the assets as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
17,711	17,711		
473,858	661,161		
0	48,605		
<u>1,399,347</u>	<u>34,084,365</u>		
		Capital Outlay	10,904,523
		Depreciation	<u>(1,236,415)</u>
		Total	9,668,108
19,101	10,636,626	Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
38,338	4,464,117		
2,000	988,681		
168,618	168,618	Property Taxes	761,318
381,615	420,054	Intergovernmental	<u>204,019</u>
		Total	965,337
155,281	2,614,236		
33,976	966,523		
	263,595		
13,720	2,466,060	The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
1,268	688,430		
1,548	580,659		
	3,491,718		
	1,646,430		
24,942	1,029,550		
473,326	473,326		(14,628,109)
153,147	153,147		
177,667	932,594	The internal service funds are used by management and are not reported in the government-wide Statements of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated The net revenue (expense) of the internal service fund is allocated among governmental activities.	
	11,379,293		
	1,549,000		
	924,885		(26,955)
	<u>185,213</u>		
<u>1,644,547</u>	<u>46,022,755</u>	Compensated absences reported in the Statement of activities, do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>397,542</u>
<u>(245,200)</u>	<u>(11,938,390)</u>	Changes in Net Assets of Governmental Activities	<u><u>\$ 779,817</u></u>
303,750	310,800		
	18,814,982		
	8,900		
	214,273		
	503,415		
	(315,574)		
(1,666)	(1,666)		
	<u>(3,192,846)</u>		
<u>302,084</u>	<u>16,342,284</u>		
56,884	4,403,894		
<u>73,441</u>	<u>5,796,470</u>		
<u>\$ 130,325</u>	<u>\$ 10,200,364</u>		

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 21,693,581	\$ 21,437,636	\$ 21,539,844	\$ 102,208
Intergovernmental	4,035,221	3,898,807	3,773,011	(125,796)
Interest	200,000	200,000	146,119	(53,881)
Tuition and Fees	829,300	929,300	841,393	(87,907)
Rent	11,000	11,000	14,262	3,262
Customer Sales and Services	174,545	174,545	160,620	(13,925)
Miscellaneous	59,836	59,836	52,329	(7,507)
Total Revenues	<u>27,003,483</u>	<u>26,711,124</u>	<u>26,527,578</u>	<u>(183,546)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	10,411,830	10,533,360	10,439,090	94,270
Special	3,611,928	3,863,228	3,851,923	11,305
Vocational	141,666	179,866	167,033	12,833
Other	68,635	43,635	38,439	5,196
Support Services:				
Pupils	1,701,716	1,562,256	1,536,161	26,095
Instructional Staff	1,170,130	977,944	956,341	21,603
Board of Education	361,522	341,322	332,357	8,965
Administration	2,414,616	2,451,304	2,379,297	72,007
Fiscal	716,122	697,822	689,959	7,863
Business	687,163	667,663	654,249	13,414
Operation and Maintenance of Plant	3,550,432	3,514,394	3,441,534	72,860
Pupil Transportation	1,544,378	1,661,133	1,632,415	28,718
Central	755,846	735,196	723,275	11,921
Extracurricular Activities	662,357	753,242	745,854	7,388
Total Expenditures	<u>27,798,341</u>	<u>27,982,365</u>	<u>27,587,927</u>	<u>394,438</u>
Excess of Revenues Over (Under) Expenditures	<u>(794,858)</u>	<u>(1,271,241)</u>	<u>(1,060,349)</u>	<u>210,892</u>
OTHER FINANCING SOURCES AND USES:				
Proceeds from Sale of Fixed Assets	8,800	8,800	8,900	100
Refund of Prior Year Expenditures	25,607	25,607	27,755	2,148
Advances In	50,000	50,000	50,000	0
Transfers Out	(316,723)	(316,723)	(315,574)	1,149
Advances Out	(50,000)	(50,000)	(49,500)	500
Total Other Financing Sources and Uses	<u>(282,316)</u>	<u>(282,316)</u>	<u>(278,419)</u>	<u>3,897</u>
Net Change in Fund Balances	(1,077,174)	(1,553,557)	(1,338,768)	214,789
Fund Balance (Deficit) at Beginning of Year	1,930,538	1,930,538	1,930,538	0
Prior Year Encumbrances Appropriated	<u>198,488</u>	<u>198,488</u>	<u>198,488</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 1,051,852</u>	<u>\$ 575,469</u>	<u>\$ 790,258</u>	<u>\$ 214,789</u>
See Accompanying Notes to Basic Financial Statements				

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Consortium Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 619,000	\$ 619,000	\$ 705,037	\$ 86,037
Tuition and Fees	2,014,639	2,014,639	2,165,919	151,280
Customer Sales and Services	18,640	18,640	26,683	8,043
Total Revenues	<u>2,652,279</u>	<u>2,652,279</u>	<u>2,897,639</u>	<u>245,360</u>
EXPENDITURES:				
Current:				
Instruction:				
Special	1,087,943	1,066,049	1,042,200	23,849
Vocational	604,336	575,622	549,265	26,357
Support Services:				
Pupils	1,124,026	1,118,026	1,098,617	19,409
Central	680	680	652	28
Total Expenditures	<u>2,816,985</u>	<u>2,760,377</u>	<u>2,690,734</u>	<u>69,643</u>
Excess of Revenues Over (Under) Expenditures	<u>(164,706)</u>	<u>(108,098)</u>	<u>206,905</u>	<u>315,003</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	7,050	7,050	7,050	0
Advances In	0	0	1,000	1,000
Advances Out	(10,000)	(10,000)	(10,000)	0
Total Other Financing Sources and Uses	<u>(2,950)</u>	<u>(2,950)</u>	<u>(1,950)</u>	<u>1,000</u>
Net Change in Fund Balances	(167,656)	(111,048)	204,955	316,003
Fund Balance (Deficit) at Beginning of Year	1,218,929	1,218,929	1,218,929	0
Prior Year Encumbrances Appropriated	13,859	13,859	13,859	0
Fund Balance (Deficit) at End of Year	<u>\$ 1,065,132</u>	<u>\$ 1,121,740</u>	<u>\$ 1,437,743</u>	<u>\$ 316,003</u>

See Accompanying Notes to the Basic Financial Statements

Beachwood City Schools
Statement of Fund Net Assets
Proprietary Fund
June 30, 2003

	Governmental Activities - Internal Service Fund
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 144,813
<i>Total Current Assets</i>	<u>144,813</u>
<i>Total Assets</i>	<u>144,813</u>
NET ASSETS:	
Unrestricted	<u>144,813</u>
<i>Total Net Assets</i>	<u><u>\$ 144,813</u></u>

See Accompanying Notes to the Basic Financial Statements

Beachwood City Schools
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2003

	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES:	
Other Revenues	\$ 60,000
<i>Total Operating Revenues</i>	<u>60,000</u>
OPERATING EXPENSES:	
Other	86,955
<i>Total Operating Expenses</i>	<u>86,955</u>
<i>Operating Income (Loss)</i>	<u>(26,955)</u>
<i>Change in Net Assets</i>	(26,955)
<i>Net Assets (Deficit) at Beginning of Year</i>	<u>171,768</u>
<i>Net Assets (Deficit) at End of Year</i>	<u><u>\$ 144,813</u></u>

See Accompanying Notes to the Basic Financial Statements

Beachwood City Schools
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2003

	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash received from self insurance premiums	\$60,000
Cash payments for other expenses	(86,955)
Net cash provided by (used for) Operating Activities	(\$26,955)
Net decrease in Cash and Cash Equivalents	(\$26,955)
Cash and cash equivalents - Beginning of Year	171,768
Cash and cash equivalents - End of Year	\$144,813
Reconciliation of Operating (Loss) to Net Cash (used by) Operating activities:	
Operating (Loss)	(26,955)
Net cash (used for) operating activities	(\$26,955)

Beachwood City Schools
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2003

	<u>Agency Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 719,593
<i>Total Assets</i>	<u>719,593</u>
LIABILITIES:	
Current Liabilities:	
Undistributed Monies	<u>167,570</u>
<i>Total Liabilities</i>	<u>167,570</u>
NET ASSETS:	
Unrestricted	<u>552,023</u>
<i>Total Net Assets</i>	<u>\$ 552,023</u>

See Accompanying Notes to the Basic Financial Statements

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Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 1 - Description of the School District and Reporting Entity

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

The Board controls the District’s five instructional facilities and one support facility staffed by 202 certificated teaching personnel, 209 non-certificated support personnel and 11 administrators.

The District is located east of Cleveland, Ohio, in a prosperous suburb consisting of residences and significant office and retail commercial development. The enrollment for the District during the 2003 fiscal year was 1,578. The District operates three elementary schools, a middle school, and a high school.

Reporting Entity

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

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are presented respectively in Note 18 and Note 11B to the financial statements. These organizations are:

Jointly Governed Organizations:

Ohio Schools’ Council Association
Lake Geauga Computer Association

Public Entity Risk Pool:

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each 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 financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statement. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

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

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

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

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a scholarship

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities, money due to the State retirement systems and provisions of an early retirement incentive.

C. Measurement Focus

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

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

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

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

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

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

Encumbrances

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

Lapsing of Appropriations

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

F. Cash and Investments

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

During fiscal year 2003, investments were limited to demand deposits, certificates of deposit, Victory Federal Money Market, federal agency discount notes, treasury bills and STAROhio.

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

of deposit and repurchase agreements are reported at cost.

Beachwood City School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows government within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2003.

Interest on pooled cash and investments is only allocated to governmental, enterprise and fiduciary fund types as required by state statute. Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 amounted to \$146,939, which includes \$69,447 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

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

I. Restricted Assets

Assets are reported as restricted assets when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. By Statue, money must be set aside to create a reserve for textbooks. See note 17 for additional information regarding set-asides.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars with the exception of any items deemed by the Business Manager to be capitalized. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general capital assets is not capitalized.

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

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

K. Inter-fund Balances

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

L. Compensated Absences

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

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

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

M. 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 year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

N. Net Assets

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

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

O. Fund Balance Reserves and Designations

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

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

P. Operating Revenues and Expenses

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

Q. Inter-fund Transactions

Transfers between governmental funds on the government-wide statements are reported in the same manner as general revenues.

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2003.

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 on the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 – Changes in Accounting Principles and Restatement of Fund Balance

A. Changes in Accounting Principles

Note 3 – Changes in Accounting Principles

For fiscal year 2003, the School District has implemented GASB Statement No. 34, “Basic

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences".

GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements report the School District's programs as governmental activities. The School district has not business-type activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the elimination of several internal service funds, reclassification of funds based on the guidance provided in Statement No. 34 and the conversion to the accrual basis of accounting.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The implementation of Statement No. 41 did not affect the presentation of budgetary statements of the school district.

B. Restatement of Fund Balance

The restatements for GASB Statement No. 34 had the following effect on fund balances of the major and non-major funds of the School District as previously reported.

The transition from governmental fund balances to net assets of the governmental activities is also presented. In addition to restatements for Statement No. 34 the District reclassified the termination benefits fund and a portion of the Consortium Fund to the General Fund.

	General	Bond	Permanent Imp.	Building Fund	Consortium	Nonmajor	Enterprise	Trust	Total
Fund balances, June 30, 2002	\$3,838,474	\$955,728	\$1,593,886	(\$794,973)	\$156,016	\$102,108	\$24,208	\$8,137	\$5,883,584
Fund reclassifications	129,904	0	0	0	(156,006)	(28,667)	(24,208)	(8,137)	(87,114)
Adjusted fund balance, June 30, 2002	\$3,968,378	\$955,728	\$1,593,886	(\$794,973)	\$10	\$73,441	\$0	\$0	\$5,796,470
Capital Assets									17,791,906
Long-Term Liabilities:									
Compensated absences									(3,370,642)
Notes payable									(5,955,000)
Bonds payable									(3,859,000)
Capital Lease payable									(405,460)
Internal Services Fund									<u>171,768</u>
Governmental Activities									
Net Assets, June 20, 2002									<u>\$10,170,042</u>

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 4 - Accountability and Compliance

A. Accountability

Fund equity at June 30, 2003 included the following individual fund deficits:

<u>Special Revenue:</u>	
Food Service	(\$23,433)
Preschool	(\$70,031)
IDEA B	(\$ 1,381)

The deficit in the Preschool Fund is due to a decrease in enrollment last school year. The District has experienced increased enrollment during the current school year and expects this trend to continue well into the future which will eliminate the deficit over time.

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

The deficit in the IDEA B grant is a timing difference.

B. Legal Compliance

Contrary to section 5705.39, Ohio Revised Code, the following fund had original and final appropriations in excess of estimated resources and carry over balances in the amounts of \$2,379,307 and \$2,465,197 respectively, in the bond retirement fund.

Note 5 - Budgetary Basis of Accounting

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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

Net Change in Fund Balance

	<u>General</u>	<u>Consortium</u>
GAAP Basis	\$1,282,200	\$239,548
Net adjustments for revenue accruals	110,486	3,370
Advances In	50,000	1,000
Net adjustments for expenditure accruals	199,996	(23,475)
Advances Out	(49,500)	(10,000)
Encumbrances Outstanding at Year End (Budget Basis)	<u>(254,414)</u>	<u>(5,488)</u>
Budget Basis	<u>\$(1,338,768)</u>	<u>\$204,955</u>

Note 6 - Deposits and Investments

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

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

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

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

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

Beachwood City School District
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Interim monies may be invested in the following securities:

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

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Petty Cash

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

Deposits

At fiscal year end, the carrying amount of the School District’s deposits was \$7,589,471 and the bank balance was \$7,976,640. Of the bank balance, \$516,688 was covered by federal depository insurance and \$7,459,952 was uninsured and un-collateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments made by the District as of June 30, 2003 are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

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

	<u>Risk Category 3</u>	<u>Book Value</u>	<u>Fair Market Value</u>
U.S. Government Agency, FNMA Int 1.754% (8/30/02-7/25/03)	\$738,279	\$738,279	\$749,515
U.S. Government Agency, FHLMC Int 3.010% (12/06/01-9/15/03)	501,200	501,200	502,564
Banker’s Acceptance Int 1.378% (3/31/03-9/24/03)	203,761	203,761	204,614
U.S. Government Agency, FHLB, Int 3.224% (11/20/01-11/04/03)	<u>493,095</u>	<u>493,095</u>	<u>502,736</u>
Subtotal	<u>\$1,936,335</u>	<u>1,936,335</u>	<u>1,959,429</u>
Investment in Mutual Fund Sweep		44,279	44,279
Investment in STAR Ohio		<u>1,867,116</u>	<u>1,867,116</u>
Grand Total		<u>\$3,847,730</u>	<u>\$3,870,824</u>

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$11,465,495	\$0
Cash on Hand	(5,200)	0
Investments	(3,870,824)	3,870,824
GASB Statement No. 3	\$7,589,471	\$3,870,824

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

The Cuyahoga County Treasurer collects property taxes on behalf of the District. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and tangible personal property taxes which became measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at June 30, 2003 was \$3,230,320 for the General Fund, \$467,897 in the Bond Retirement Fund, and \$99,032 in the Permanent Improvement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred. The amount available as an advance at June 30, 2002 was \$3,146,317 for the General Fund, \$458,661 in the Bond Retirement Fund, and \$65,481 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$288,676,070	40.51%	\$289,676,150	41.19%
Industrial/Commercial	325,090,610	45.63	329,433,890	46.84
Public Utility	21,361,060	3.00	11,948,350	1.70
Tangible Personal	77,360,149	10.86	72,216,204	10.27
Total Assessed Value	<u>\$712,487,889</u>	<u>100.00%</u>	<u>\$703,274,594</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$67.90		\$77.50	

Note 8 - Receivables

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental, accrued interest, and loans. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Food Service Lunch Reimbursement	\$3,343
Building Fund receivable	195,092
Total Governmental Activities	<u>198,435</u>
Total Intergovernmental Receivables	<u>\$198,435</u>

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance at 6/30/02	Additions	Reductions	Balance at 6/30/03
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$831,499	\$0	\$0	\$831,499
Construction in progress	<u>4,646,670</u>	<u>8,491,769</u>	<u>3,884,199</u>	<u>9,254,240</u>
Capital Assets, being depreciated:				
Land Improvements	1,514,456	295,105	0	1,809,561
Buildings and Buildings Improvements	19,301,493	5,828,687	1,768,455	23,361,725
Vehicles	1,616,477	0	0	1,616,477
Equipment	3,810,336	335,808	150,092	3,996,052
Totals at Historical Cost	<u>26,242,762</u>	<u>6,459,600</u>	<u>1,918,547</u>	<u>30,783,815</u>
Less Accumulated Depreciation:				
Land Improvements	509,848	60,360	0	570,208
Buildings and Building Improvements	9,521,037	676,263	1,609,212	8,588,088
Vehicles	1,007,161	122,231	0	1,129,392
Equipment	2,890,979	377,561	146,688	3,121,852
Total Accumulated Depreciation	<u>13,929,025</u>	<u>1,236,415</u>	<u>1,755,900</u>	<u>13,409,540</u>
Total Capital Assets, being Depreciated, Net	12,313,737	5,223,185	162,647	17,374,275
Governmental Activities Capital Assets, Net	<u>\$17,791,906</u>	<u>\$13,714,954</u>	<u>\$4,046,846</u>	<u>\$27,460,014</u>

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$560,132
Special	38,219
Adult	1,425
Vocational	17,747
Other	16,426
Support Services:	
Pupil	19,231
Instructional Staff	39,759
Board of Education	22,844
Administration	20,376
Fiscal	4,860
Business	8,777
Operation and Maintenance of Plant	82,456
Pupil Transportation	128,148
Central	211,254
Extra-curricular activities	24,000
Food service operations	36,872
Community	3,889
Total Depreciation Expense	\$1,236,415

Note 10 – Inter-fund Transactions

As of June 30, 2003, on the fund financial statements, the Consortium fund owed the General Fund \$851,877. In addition the preschool fund and consortium fund owed the General Fund \$48,500 and \$1,000, respectively for advances. These amounts are represented as “Inter-fund Receivable/Payable” on the modified accrual balance sheet.

During the year ended June 30, 2003, the General Fund transferred \$303,750 to Other Non-major Governmental Funds, \$7,050 to the Consortium Funds and \$4,774 to agency funds. The transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 11 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2003, the School District contracted with Indiana Insurance for property, general liability insurance and boiler and machinery coverage in the amounts of \$48,888,778, \$2,000,000, and \$30,000,000 respectively. The deductible varies from \$1,000 to \$5,000.

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Umbrella Liability insurance and Excess Umbrella Liability insurance are covered by Indiana Insurance and Crum & Forster with a \$10,000,000 single occurrence limit on both policies and no deductibles unless a claim doesn't fall under an underlying policy which would create the need for a \$10,000 self insured retainer. Vehicles are also covered by Indiana Insurance and have a \$1,000 deductible for collision. Automobile liability has a \$2,000,000 combined single limit, \$5,000 medical payments, and \$50,000 uninsured motorists. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

B. Worker's Compensation

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

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

C. Employee Medical Benefits

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

The School District is self insured for vision claims of District employees and their covered dependents. Under the program, the School District is obligated for claim payments. During fiscal year 2003, total claims expense of \$86,955 was recognized, which represents actual claims processed and paid as of June 30, 2003. Individual funds are charged for medical expenses based on an estimate of total cost for the School District as prepared by the plan administrator, and are recorded as revenues of the Internal Service Fund. Changes for the aggregate liability for claims for the current and past fiscal years are as follows:

Beachwood City School District
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	<u>Beginning</u> <u>Balance</u>	<u>Claims</u> <u>Incurred</u>	<u>Claims Paid</u>	<u>Ending</u> <u>Balance</u>
2001	\$0	\$69,261	\$69,261	\$0
2002	\$0	\$81,258	\$81,258	\$0
2003	\$0	\$86,955	\$86,955	\$0

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002 and 2001 were \$531,459, \$252,281 and \$239,872 respectively; 52 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

B. State Teachers Retirement System

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

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled 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, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,691,331, \$1,160,750, and \$1,118,272 respectively; 84 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$21,349 made by the School District and \$18,909 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System of the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, two members of the Board of Education have selected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 – Post-employment Benefits

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

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All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the Fiscal Year ended June 30, 2003 (latest information available), the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$130,102 during the 2003 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002 (the latest information available), the balance in the Fund was \$3,011 million at June 30, 2002. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2003, were \$204,930,737 and the target level was \$307.4 million.

At June 30, 2003 SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including surcharge, equaled \$412,236 during the 2003 fiscal year.

Note 14 - Employee Benefits

A. Compensated Absences

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

do not earn vacation time.

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

B. Health Care Benefits

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

Note 15 – Short-Term Bond Anticipation Note Payable

Note activity for the fiscal year ended June 30, 2003, consisted of the following:

	Principal Outstanding 06/30/02	<u>Additions</u>	<u>Reduction</u>	Principal Outstanding 06/30/03
Short-Term Note Payable				
Bond Anticipation Notes 2%	\$15,750,000	\$0	\$15,750,000	\$0

In May, 2002, the District issued a \$15,750,000 bond anticipation note with interest rate of 2%, maturity date on January 30, 2003 for the purpose of building a new middle school. The note payable was in anticipation of a 1.8 mill bond issue passed in May 2002. Bonds were issued on November 1, 2002 at an average interest rate of 2.0-5.25% to pay off the bond anticipation note.

The note payable was backed by the full faith and credit of the School District. The note liability was reflected in the fund which received the proceeds. By Ohio law, notes can be issued in anticipation of bonds proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are also limitations on the number of times notes can be renewed.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 16 – Long-Term Obligations

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

	Principal Outstanding 06/30/02	Additions	Reduction	Principal Outstanding 06/30/03	Amounts Due in One Year
Governmental Activities					
Long-Term Notes Payable					
1998 Tax anticipation 3.85%	\$320,000	\$0	\$320,000	\$0	\$0
2000 Tax anticipation 4.8%-5.3%	5,635,000	0	510,000	5,125,000	535,000
Total Long-Term Notes Payable	<u>\$5,955,000</u>	<u>\$0</u>	<u>\$830,000</u>	<u>\$5,125,000</u>	<u>\$535,000</u>
General Obligation Bonds					
1997 Bus Financing Pool 5.0%-5.84%	\$144,000	\$0	\$69,000	\$75,000	\$45,000
1991 School Improvement 4.8%-7.05%	3,715,000	0	3,715,000	0	0
2002 School Improvement premium	0	503,415	25,171	478,244	25,171
2002 Unamortized accounting gain		185,213		185,213	9,261
2002 School Improvement 2.0%-5.25%	0	18,629,769	0	18,629,769	1,325,739
Total General Obligation Bonds	<u>\$3,859,000</u>	<u>\$19,318,397</u>	<u>\$3,809,171</u>	<u>\$19,368,226</u>	<u>\$1,405,171</u>
Capital Lease	\$405,460	\$214,273	\$80,177	\$539,556	\$449,891
Compensated Absences Payable	3,370,642	0	397,542	2,973,100	384,217
Total Governmental Long-Term Liabilities	<u>\$3,776,102</u>	<u>\$214,273</u>	<u>\$477,719</u>	<u>3,512,656</u>	<u>\$834,108</u>
Total Long-Term Liabilities	<u>\$13,590,102</u>	<u>\$19,532,670</u>	<u>\$5,116,890</u>	<u>\$28,005,882</u>	<u>\$2,774,279</u>

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

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

Beachwood City School District
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An analysis of the information follows:

	<u>Various Improvement Bonds</u>
Outstanding as of June 30, 2002	\$3,715,000
Amount refunded	<u>(3,065,000)</u>
Non-refunded portion	650,000
Principal payment on non-refunded portion	<u>(650,000)</u>
Outstanding at June 30, 2003	<u><u>\$ 0</u></u>

The bonds were sold at a premium of \$30,650. Proceeds of \$3,224,019 (after the premium, underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding portion of the 1991 various improvement bonds. As a result \$3,065,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed.

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

The matured bonds payable of \$86,363 represents an old debt issue, which has matured but has not been redeemed.

Capital Leases During fiscal year 2002, the District entered into a capital lease for various capital improvements in the amount of \$365,000, interest rate of 3.53% and a capital lease for computers in the amount of \$60,647 with an interest rate of 4.84%. During fiscal year 2003, the District entered into a capital lease for computers in the amount of \$214,273 at an interest rate of 6.11%. The District paid \$69,504 during 2003 for the computer lease which included \$60,407 in principal. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date as capital assets in the governmental activities of the statement of net assets. The capital lease will be repaid from the General fund and Consortium fund.

The following summarizes the future minimum lease obligations, the net present value of these minimum lease payments, cost and accumulated depreciation of assets acquired through capital leases as of June 30, 2003.

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Fiscal Year Beginning June 30	Governmental Activities		
	General Fund	Consortium Fund	Total
2004	\$461,013	\$9,030	\$470,043
2005	69,504	0	69,504
2006	21,427	0	21,427
Total Minimum Lease Payments	\$551,944	\$9,030	\$560,974
Less Amount Representing Interest	(21,101)	(317)	(21,418)
Present Value of Lease Payments	<u>\$530,843</u>	<u>\$8,713</u>	<u>\$539,556</u>
Capital Assets at Cost:	\$614,448	\$25,472	\$639,920
Less: Accumulated Depreciation	0	0	0
Net Book Value	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

The School District's overall voted debt margin was \$44,479,731 with an unvoted debt margin of \$703,275 at June 30, 2003.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2003, were as follows:

Fiscal Year Ending	Long-Term Notes Payable		General Obligation Bonds		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$535,000	\$250,081	\$1,380,000	\$689,805	\$449,891	\$20,151	\$2,364,891	\$960,037
2005	565,000	222,715	1,450,000	656,250	68,238	1,267	2,083,238	880,232
2006	590,000	193,693	1,460,000	620,610	21,427		2,071,427	814,303
2007	620,000	162,985	1,239,998	846,677			1,859,998	1,009,662
2008	650,000	130,438	399,984	833,816			1,049,984	964,254
2009-2013	2,165,000	175,210	3,455,000	2,665,135			5,620,000	2,840,345
2014-2022	0	0	9,505,000	2,670,824			9,505,000	2,670,824
Total	<u>\$5,125,000</u>	<u>\$1,135,122</u>	<u>\$18,889,982</u>	<u>\$8,983,117</u>	<u>\$539,556</u>	<u>\$21,418</u>	<u>\$24,554,538</u>	<u>\$10,139,657</u>

Note 17 - 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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balances as of June 30, 2002	\$0	\$0	\$134,873
Set-aside Balance Carried Forward	(767,064)	0	0
Current Year Set-Aside Requirement	126,929	126,929	0
Qualifying Disbursement	<u>(544,480)</u>	<u>(10,790,533)</u>	<u>0</u>
Total	<u>(\$1,184,615)</u>	<u>(\$10,663,604)</u>	<u>\$134,873</u>
Set-aside Balance Carried Forward to future fiscal years	<u>(\$1,184,615)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$0</u>	<u>\$0</u>	<u>\$134,873</u>

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

Note 18 – Jointly Governed Organizations

Ohio Schools' Council Association - The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2003, the School District paid \$494,169 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

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

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

Lake Geauga Computer Association - The Lake Geauga Computer Association ("LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The School District contributed \$49,992 to LGCA during fiscal year 2003.

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

Note 19 - School Foundation Program

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

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003

Note 20 - Contingencies

A. Grants

The School District receives financial assistance from numerous federal, state, and local agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

The School District was named as a defendant in several court cases during the period ended June 30, 2003. Management does not believe that the ultimate resolution of those cases will have a material impact on the financial statements of the School District and further that the School District has adequate insurance coverage to protect itself against any material loss.

Note 21 – Contractual Commitments

The District had the following significant contractual commitments as of June 30, 2003:

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Payment</u>	<u>Remaining</u>
Middle School	\$12,368,383	(\$7,987,419)	\$4,380,964
High School Renovations	1,608,425	(166,422)	1,442,003
Total	<u>\$13,976,808</u>	<u>(\$8,153,841)</u>	<u>\$5,822,967</u>

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Capital Projects Fund

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

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

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

(continued)

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

IDEA B - The purpose of this federal program is to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive, alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

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

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

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

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

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

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

Nonmajor Proprietary Fund

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

Internal Service Fund

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

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

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Beachwood City Schools
Balance Sheet
Combining Nonmajor Governmental Funds
June 30, 2003

	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 24,962	\$ 233,389	\$ 258,351
Materials and Supplies Inventory		2,745	2,745
Intergovernmental Receivable		3,343	3,343
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 24,962</u>	<u>\$ 239,477</u>	<u>\$ 264,439</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	0	1,058	1,058
Accrued Wages and Benefits	0	56,207	56,207
Intergovernmental Payable	0	18,484	18,484
Undistributed Monies	0	9,630	9,630
Deferred Revenue	0	235	235
Interfund Payable	0	48,500	48,500
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>0</u>	<u>134,114</u>	<u>134,114</u>
Equity:			
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	0	14,479	14,479
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	0	90,884	90,884
Capital Projects Funds	24,962	0	24,962
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>24,962</u>	<u>105,363</u>	<u>130,325</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 24,962</u>	<u>\$ 239,477</u>	<u>\$ 264,439</u>

Beachwood City Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2003

	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Total</u>
REVENUES:			
Intergovernmental	\$ 28,319	\$ 433,865	\$ 462,184
Interest		847	847
Tuition and Fees		378,345	378,345
Extracurricular Activities		66,402	66,402
Gifts and Donations		17,711	17,711
Customer Sales and Services		473,858	473,858
<i>Total Revenues</i>	<u>28,319</u>	<u>1,371,028</u>	<u>1,399,347</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular		19,101	19,101
Special		38,338	38,338
Vocational		2,000	2,000
Adult/Continuing		168,618	168,618
Other		381,615	381,615
Support Services:			
Pupils		155,281	155,281
Instructional Staff		33,976	33,976
Administration		13,720	13,720
Fiscal		1,268	1,268
Business		1,548	1,548
Central	3,357	21,585	24,942
Operation of Non-Instructional Services:			
Food Service Operations		473,326	473,326
Community Services		153,147	153,147
Extracurricular Activities:			
Academic Oriented Activities		42,877	42,877
Sport Oriented Activities		134,790	134,790
<i>Total Expenditures</i>	<u>3,357</u>	<u>1,641,190</u>	<u>1,644,547</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>24,962</u>	<u>(270,162)</u>	<u>(245,200)</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In		303,750	303,750
Refund of Prior Year Receipts		(1,666)	(1,666)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>302,084</u>	<u>302,084</u>
<i>Net Change in Fund Balances</i>	24,962	31,922	56,884
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>0</u>	<u>73,441</u>	<u>73,441</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 24,962</u>	<u>\$ 105,363</u>	<u>\$ 130,325</u>

Beachwood City Schools
Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2003

	<u>School Net</u>	<u>Total Nonmajor Capital Projects Fund</u>
ASSETS:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 24,962	\$ 24,962
<i>Total Assets</i>	<u>\$ 24,962</u>	<u>\$ 24,962</u>
Equity:		
FUND BALANCES:		
Capital Projects Funds	24,962	24,962
<i>Total Fund Balances</i>	<u>24,962</u>	<u>24,962</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 24,962</u>	<u>\$ 24,962</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003

	<u>School Net</u>	<u>Total Nonmajor Capital Projects Fund</u>
REVENUES:		
Intergovernmental	<u>\$28,319</u>	<u>\$28,319</u>
<i>Total Revenues</i>	<u>28,319</u>	<u>28,319</u>
EXPENDITURES:		
Central	<u>3,357</u>	<u>3,357</u>
<i>Total Expenditures</i>	<u>3,357</u>	<u>3,357</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>24,962</u>	<u>24,962</u>
<i>Net Change in Fund Balances</i>	24,962	24,962
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$24,962</u></u>	<u><u>\$24,962</u></u>

Beachwood City Schools
Balance Sheet
 Combining Nonmajor Special Revenue Funds
 June 30, 2003

	<u>Food Service</u>	<u>Expendable Trust Funds</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>
ASSETS:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$49	\$21,762	\$1,493	\$3,500
Materials and Supplies Inventory	2,745			
Intergovernmental Receivable	3,343			
Total Assets	<u>\$6,137</u>	<u>\$21,762</u>	<u>\$1,493</u>	<u>\$3,500</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable				
Accrued Wages and Benefits	26,547			
Intergovernmental Payable	2,788			
Interfund Payable				
Undistributed Monies		9,630		
Deferred Revenue	235			
Total Liabilities	<u>29,570</u>	<u>9,630</u>	<u>0</u>	<u>0</u>
Equity:				
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances				60
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	(23,433)	12,132	1,493	3,440
Total Fund Balances	<u>(23,433)</u>	<u>12,132</u>	<u>1,493</u>	<u>3,500</u>
Total Liabilities and Fund Balances	<u>\$6,137</u>	<u>\$21,762</u>	<u>\$1,493</u>	<u>\$3,500</u>

(continued)

<u>Recreation</u>	<u>Pupil Support</u>	<u>Misc. Local Grants</u>	<u>Preschool</u>	<u>District Managed Student Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>
\$111,949	\$27,535	\$14,385	\$13,640	\$10,047	\$7,302	\$5,791
<u>\$111,949</u>	<u>\$27,535</u>	<u>\$14,385</u>	<u>\$13,640</u>	<u>\$10,047</u>	<u>\$7,302</u>	<u>\$5,791</u>
133			193	438	7	
3,146			23,527		70	
			11,451			
			48,500			
<u>3,279</u>	<u>0</u>	<u>0</u>	<u>83,671</u>	<u>438</u>	<u>77</u>	<u>0</u>
1,376			2,559		652	
<u>107,294</u>	<u>27,535</u>	<u>14,385</u>	<u>(72,590)</u>	<u>9,609</u>	<u>6,573</u>	<u>5,791</u>
<u>108,670</u>	<u>27,535</u>	<u>14,385</u>	<u>(70,031)</u>	<u>9,609</u>	<u>7,225</u>	<u>5,791</u>
<u>\$111,949</u>	<u>\$27,535</u>	<u>\$14,385</u>	<u>\$13,640</u>	<u>\$10,047</u>	<u>\$7,302</u>	<u>\$5,791</u>

(continued)

Beachwood City Schools
Balance Sheet
 Combining Nonmajor Special Revenue Funds
 June 30, 2003

	<u>Entry Year</u> <u>Grant</u>	<u>One Net</u>	<u>School Net</u> <u>Professional</u> <u>Development</u>	<u>Miscellaneous</u> <u>State Grants</u>
ASSETS:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$12	\$0	\$0	\$2
Materials and Supplies Inventory				
Intergovernmental Receivable				
<i>Total Assets</i>	\$12	\$0	\$0	\$2
LIABILITIES:				
Current Liabilities:				
Accounts Payable				
Accrued Wages and Benefits				
Intergovernmental Payable				
Interfund Payable				
Undistributed Monies				
Deferred Revenue				
<i>Total Liabilities</i>	0	0	0	0
Equity:				
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances				
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	12	0	0	2
<i>Total Fund Balances</i>	12	0	0	2
<i>Total Liabilities and Fund Balances</i>	\$12	\$0	\$0	\$2

(continued)

<u>IDEA B</u>	<u>Title V</u>	<u>Emergency Immigrant Education</u>	<u>Drug Free Education (Title IV-A)</u>	<u>Preschool Handicapped Grant</u>	<u>Local Professional Development Committee</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$5,270	\$116		\$1,005		\$5,923	\$3,608	\$233,389
							2,745
							3,343
<u>\$5,270</u>	<u>\$116</u>	<u>\$0</u>	<u>\$1,005</u>	<u>\$0</u>	<u>\$5,923</u>	<u>\$3,608</u>	<u>\$239,477</u>
			287				1,058
5,622			511				56,207
1,029							18,484
							48,500
							9,630
							235
<u>6,651</u>	<u>0</u>	<u>0</u>	<u>798</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>134,114</u>
8,877			955				14,479
<u>(10,258)</u>	<u>116</u>	<u>0</u>	<u>(748)</u>	<u>0</u>	<u>5,923</u>	<u>3,608</u>	<u>90,884</u>
<u>(1,381)</u>	<u>116</u>	<u>0</u>	<u>207</u>	<u>0</u>	<u>5,923</u>	<u>3,608</u>	<u>105,363</u>
<u>\$5,270</u>	<u>\$116</u>	<u>\$0</u>	<u>\$1,005</u>	<u>\$0</u>	<u>\$5,923</u>	<u>\$3,608</u>	<u>\$239,477</u>

Beachwood City Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

	<u>Food Service</u>	<u>Expendable Trust Funds</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>
REVENUES:				
Intergovernmental	\$24,286	\$0	\$0	\$0
Interest	690	48		
Tuition and Fees				
Extracurricular Activities				
Gifts and Donations		1,065		
Customer Sales and Services	301,314	16,627		990
<i>Total Revenues</i>	<u>326,290</u>	<u>17,740</u>	<u>0</u>	<u>990</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Special				
Vocational				2,000
Adult/Continuing				
Other				
Support Services:				
Pupils		12,477		
Instructional Staff				
Administration				
Fiscal		1,268		
Business				
Central				
Operation of Non-Instructional Services:				
Food Service Operations	473,326			
Community Services				
Extracurricular Activities:				
Academic Oriented Activities				
Sport Oriented Activities				
<i>Total Expenditures</i>	<u>473,326</u>	<u>13,745</u>	<u>0</u>	<u>2,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(147,036)</u>	<u>3,995</u>	<u>0</u>	<u>(1,010)</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	180,000			
Refund of Prior Year Receipts				
<i>Total Other Financing Sources and Uses</i>	<u>180,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	32,964	3,995	0	(1,010)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(56,397)</u>	<u>8,137</u>	<u>1,493</u>	<u>4,510</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$23,433)</u>	<u>\$12,132</u>	<u>\$1,493</u>	<u>\$3,500</u>

(continued)

<u>Recreation</u>	<u>Pupil Support</u>	<u>Misc. Local Grants</u>	<u>Preschool</u>	<u>District Managed Student Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>
\$0	\$0	\$0	\$0	\$0	\$157,016	\$5,791
			378,345		109	
	16,646			66,402		
152,785	77		2,065	0		
152,785	16,723	0	380,410	66,402	157,125	5,791
	9,470	2,752				
168,618			381,615			
		3,617				
					153,147	
				42,877		
				134,790		
168,618	9,470	6,369	381,615	177,667	153,147	
(15,833)	7,253	(6,369)	(1,205)	(111,265)	3,978	5,791
8,250		5,000		110,500		
		176				
8,250	0	4,824	0	110,500	0	0
(7,583)	7,253	(1,545)	(1,205)	(765)	3,978	5,791
116,253	20,282	15,930	(68,826)	10,374	3,247	0
\$108,670	\$27,535	\$14,385	(\$70,031)	\$9,609	\$7,225	\$5,791

(continued)

Beachwood City Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

	<u>Entry Year</u> <u>Grant</u>	<u>One Net</u>	<u>School Net</u> <u>Professional</u> <u>Development</u>	<u>Miscellaneous</u> <u>State Grants</u>
REVENUES:				
Intergovernmental	\$0	\$17,500	\$0	\$7,550
Interest				
Tuition and Fees				
Extracurricular Activities				
Gifts and Donations				
Customer Sales and Services				
<i>Total Revenues</i>	<u>0</u>	<u>17,500</u>	<u>0</u>	<u>7,550</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular			879	6,000
Special				
Vocational				
Adult/Continuing				
Other				
Support Services:				
Pupils				
Instructional Staff				
Administration				
Fiscal				
Business				1,548
Central		17,500	4,085	
Operation of Non-Instructional Services:				
Food Service Operations				
Community Services				
Extracurricular Activities:				
Academic Oriented Activities				
Sport Oriented Activities				
<i>Total Expenditures</i>	<u>0</u>	<u>17,500</u>	<u>4,964</u>	<u>7,548</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(4,964)</u>	<u>2</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In				
Refund of Prior Year Receipts				
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	0	(4,964)	2
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>12</u>	<u>0</u>	<u>4,964</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$12</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2</u>

(continued)

<u>IDEA B</u>	<u>Title V</u>	<u>Emergency Immigrant Education</u>	<u>Drug Free Education (Title IV-A)</u>	<u>Preschool Handicapped Grant</u>	<u>Local Professional Development Committee</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$172,621	\$10,162	\$0	\$3,424	\$9,763	\$0	\$25,752	\$433,865 847 378,345 66,402 17,711 473,858
<u>172,621</u>	<u>10,162</u>	<u>0</u>	<u>3,424</u>	<u>9,763</u>	<u>0</u>	<u>25,752</u>	<u>1,371,028</u>
5,387	10,046	761				22,144	19,101 38,338 2,000 168,618 381,615
138,504			4,300				155,281
23,926			287	9,763			33,976
10,103							13,720
							1,268
							1,548
							21,585
							473,326
							153,147
							42,877
							134,790
<u>177,920</u>	<u>10,046</u>	<u>761</u>	<u>4,587</u>	<u>9,763</u>		<u>22,144</u>	<u>1,641,190</u>
<u>(5,299)</u>	<u>116</u>	<u>(761)</u>	<u>(1,163)</u>	<u>0</u>	<u>0</u>	<u>3,608</u>	<u>(270,162)</u>
							303,750
					1,490		1,666
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,490)</u>	<u>0</u>	<u>302,084</u>
(5,299)	116	(761)	(1,163)	0	(1,490)	3,608	31,922
3,918	0	761	1,370	0	7,413	0	73,441
<u>(\$1,381)</u>	<u>\$116</u>	<u>\$0</u>	<u>\$207</u>	<u>\$0</u>	<u>\$5,923</u>	<u>\$3,608</u>	<u>\$105,363</u>

FIDUCIARY FUNDS

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

Agency Funds:

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

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

Beachwood City School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For The Year Ended June 30, 2003

	Begin Balance July 1, 2002	Additions	Deductions	Ending Balance June 30, 2003
<u>Student Activities Fund</u>				
Assets				
Equity in pooled cash and cash equivalents	\$49,400	\$78,264	\$78,407	\$49,257
Total assets	<u>49,400</u>	<u>78,264</u>	<u>78,407</u>	<u>49,257</u>
Liabilities				
Due to students	49,400	78,264	78,407	49,257
Total liabilities	<u>49,400</u>	<u>78,264</u>	<u>78,407</u>	<u>49,257</u>
<u>Retirement Fund</u>				
Assets				
Equity in pooled cash and cash equivalents	\$502,623	\$2,929,042	\$2,761,327	\$670,338
Total assets	<u>502,623</u>	<u>2,929,042</u>	<u>2,761,327</u>	<u>670,338</u>
Liabilities				
Accrued wages/benefits	502,623	2,929,042	2,761,327	670,338
Total liabilities	<u>\$502,623</u>	<u>\$2,929,042</u>	<u>\$2,761,327</u>	<u>\$670,338</u>
<u>Total Agency Funds</u>				
Assets				
Equity in pooled cash and cash equivalents	\$552,023	\$3,007,306	\$2,839,734	\$719,595
Total assets	<u>552,023</u>	<u>3,007,306</u>	<u>2,839,734</u>	<u>719,595</u>
Liabilities				
Accrued wages and benefits	502,623	2,929,042	2,761,327	670,338
Due to students	49,400	78,264	78,407	49,257
Total liabilities	<u>\$552,023</u>	<u>\$3,007,306</u>	<u>\$2,839,734</u>	<u>\$719,595</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 21,693,581	\$ 21,437,636	\$ 21,539,844	\$ 102,208
Intergovernmental	4,035,221	3,898,807	3,773,011	(125,796)
Interest	200,000	200,000	146,119	(53,881)
Tuition and Fees	829,300	929,300	841,393	(87,907)
Rent	11,000	11,000	14,262	3,262
Customer Sales and Services	174,545	174,545	160,620	(13,925)
Miscellaneous	59,836	59,836	52,329	(7,507)
Total Revenues	<u>27,003,483</u>	<u>26,711,124</u>	<u>26,527,578</u>	<u>(183,546)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	7,486,697	7,658,697	7,630,188	28,509
Fringe Benefits	2,173,951	2,146,851	2,144,006	2,845
Purchased Services	245,436	250,461	222,109	28,352
Materials and Supplies	469,510	384,733	352,403	32,330
Other	560	60,560	59,464	1,096
Capital Outlay	35,676	32,058	30,920	1,138
Total - Regular	<u>10,411,830</u>	<u>10,533,360</u>	<u>10,439,090</u>	<u>94,270</u>
Special				
Salaries	2,037,282	2,137,282	2,134,767	2,515
Fringe Benefits	769,872	806,872	806,722	150
Purchased Services	766,185	889,310	888,179	1,131
Materials and Supplies	28,572	24,390	19,571	4,819
Other	175	175	160	15
Capital Outlay	9,842	5,199	2,524	2,675
Total - Special	<u>3,611,928</u>	<u>3,863,228</u>	<u>3,851,923</u>	<u>11,305</u>
Vocational				
Purchased Services	125,770	162,670	159,640	3,030
Materials and Supplies	12,246	14,496	7,141	7,355
Other	3,150	2,200	252	1,948
Capital Outlay	500	500		500
Total - Vocational	<u>141,666</u>	<u>179,866</u>	<u>167,033</u>	<u>12,833</u>

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other				
Fringe Benefits	20,535	20,535	19,278	1,257
Purchased Services	48,100	23,100	19,161	3,939
Total - Other	68,635	43,635	38,439	5,196
Support Services:				
Pupils				
Salaries	1,255,703	1,162,603	1,145,802	16,801
Fringe Benefits	395,125	345,125	339,787	5,338
Purchased Services	33,538	36,489	36,123	366
Materials and Supplies	14,860	15,764	13,070	2,694
Other	390	175	175	
Capital Outlay	2,100	2,100	1,204	896
Total - Pupils	1,701,716	1,562,256	1,536,161	26,095
Instructional Staff				
Salaries	727,608	577,608	571,351	6,257
Fringe Benefits	242,785	222,785	219,654	3,131
Purchased Services	122,331	111,585	108,313	3,272
Materials and Supplies	70,117	61,527	56,144	5,383
Capital Outlay	7,289	4,439	879	3,560
Total - Instructional Staff	1,170,130	977,944	956,341	21,603
Board of Education				
Salaries	15,000	15,000	11,040	3,960
Fringe Benefits	2,818	2,818	1,363	1,455
Purchased Services	316,192	304,442	302,358	2,084
Materials and Supplies	2,931	2,931	2,325	606
Other	13,231	13,781	13,741	40
Capital Outlay	11,350	2,350	1,530	820
Total - Board of Education	361,522	341,322	332,357	8,965
Administration				
Salaries	1,591,162	1,627,362	1,624,615	2,747
Fringe Benefits	515,361	497,657	495,407	2,250
Purchased Services	170,785	181,778	172,575	9,203
Materials and Supplies	24,160	30,732	22,301	8,431
Other	98,796	105,523	60,456	45,067
Capital Outlay	14,352	8,252	3,943	4,309
Total - Administration	2,414,616	2,451,304	2,379,297	72,007

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Fiscal				
Salaries	244,377	231,377	229,826	1,551
Fringe Benefits	60,752	58,752	56,163	2,589
Purchased Services	13,551	16,601	13,517	3,084
Materials and Supplies	5,334	3,834	3,623	211
Other	391,858	387,008	386,580	428
Capital Outlay	250	250	250	
Total - Fiscal	716,122	697,822	689,959	7,863
Business				
Salaries	341,779	339,779	338,232	1,547
Fringe Benefits	124,928	120,928	119,592	1,336
Purchased Services	189,150	188,150	180,596	7,554
Materials and Supplies	30,026	15,026	13,179	1,847
Other	1,200	1,200	155	1,045
Capital Outlay	80	2,580	2,495	85
Total - Business	687,163	667,663	654,249	13,414
Operation and Maintenance of Plant				
Salaries	1,619,048	1,669,060	1,662,431	6,629
Fringe Benefits	587,197	572,197	563,014	9,183
Purchased Services	1,106,279	1,017,887	964,417	53,470
Materials and Supplies	213,288	244,630	242,011	2,619
Capital Outlay	24,620	10,620	9,661	959
Total - Operation and Maintenance of Plant	3,550,432	3,514,394	3,441,534	72,860
Pupil Transportation				
Salaries	896,588	952,588	947,107	5,481
Fringe Benefits	379,368	393,468	393,351	117
Purchased Services	130,390	170,120	166,096	4,024
Materials and Supplies	108,052	123,116	120,452	2,664
Other	401	51	0	51
Capital Outlay	29,579	21,790	5,409	16,381
Total - Pupil Transportation	1,544,378	1,661,133	1,632,415	28,718
Central				
Salaries	254,073	252,073	250,780	1,293
Fringe Benefits	71,560	75,560	75,012	548
Purchased Services	253,020	279,270	274,560	4,710
Materials and Supplies	63,141	38,017	33,838	4,179
Other	1,022	1,046	1,046	0
Capital Outlay	113,030	89,230	88,039	1,191
Total - Central	755,846	735,196	723,275	11,921

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Extracurricular Activities:				
Academic Oriented Activities				
Salaries	109,758	113,758	110,875	2,883
Fringe Benefits	15,196	20,196	17,736	2,460
Total - Academic Oriented Activities	124,954	133,954	128,611	5,343
Sport Oriented Activities				
Salaries	429,701	500,667	500,216	451
Fringe Benefits	70,502	81,421	81,266	155
Total - Sport Oriented Activities	500,203	582,088	581,482	606
School and Public Service Co-Curricular Activities				
Salaries	30,920	30,920	30,841	79
Fringe Benefits	6,280	6,280	4,920	1,360
Total - School and Public Service Co-Curri	37,200	37,200	35,761	1,439
Total Expenditures	27,798,341	27,982,365	27,587,927	394,438
Excess of Revenues Over (Under) Expenditures	(794,858)	(1,271,241)	(1,060,349)	210,892
OTHER FINANCING SOURCES AND USES:				
Proceeds from Sale of Fixed Assets	8,800	8,800	8,900	100
Refund of Prior Year Expenditures	25,607	25,607	27,755	2,148
Advances In	50,000	50,000	50,000	0
Transfers Out	(316,723)	(316,723)	(315,574)	1,149
Advances Out	(50,000)	(50,000)	(49,500)	500
Total Other Financing Sources and Uses	(282,316)	(282,316)	(278,419)	3,897
Net Change in Fund Balances	(1,077,174)	(1,553,557)	(1,338,768)	214,789
Fund Balance (Deficit) at Beginning of Year	1,930,538	1,930,538	1,930,538	0
Prior Year Encumbrances Appropriated	198,488	198,488	198,488	0
Fund Balance (Deficit) at End of Year	<u>\$ 1,051,852</u>	<u>\$ 575,469</u>	<u>\$ 790,258</u>	<u>\$ 214,789</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$2,385,421	\$2,346,117	\$2,346,117	\$0
Intergovernmental	287,080	272,723	273,011	288
Miscellaneous	0	0	524	524
Total Revenues	<u>2,672,501</u>	<u>2,618,840</u>	<u>2,619,652</u>	<u>812</u>
EXPENDITURES:				
Debt Service:				
Principal	1,514,227	1,549,000	1,549,000	0
Interest	913,472	910,928	910,926	2
Issuance Costs	188,813	188,813	185,213	3,600
Total Expenditures	<u>2,616,512</u>	<u>2,648,741</u>	<u>2,645,139</u>	<u>3,602</u>
Excess of Revenues Over (Under) Expenditures	<u>55,989</u>	<u>(29,901)</u>	<u>(25,487)</u>	<u>4,414</u>
OTHER FINANCING SOURCES AND (USES):				
General Obligation Bonds Issued	0	0	3,064,982	3,064,982
Other Financing Sources - bond premium	190,337	190,337	503,415	313,078
Other Financing Uses - advanced refunding	(3,192,846)	(3,192,846)	(3,192,846)	0
Total Other Financing Sources and (Uses)	<u>(3,002,509)</u>	<u>(3,002,509)</u>	<u>375,551</u>	<u>3,378,060</u>
Net Change in Fund Balances	<u>(2,946,520)</u>	<u>(3,032,410)</u>	<u>350,064</u>	<u>3,382,474</u>
Fund Balance (Deficit) at Beginning of Year	567,213	567,213	567,213	0
Fund Balance (Deficit) at End of Year	<u><u>(\$2,379,307)</u></u>	<u><u>(\$2,465,197)</u></u>	<u><u>\$917,277</u></u>	<u><u>\$3,382,474</u></u>

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Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 342,652	\$ 407,108	\$ 419,254	\$ 12,146
Intergovernmental	41,354	41,354	48,138	6,784
Interest	19,833	19,833	21,425	1,592
Miscellaneous	1,500	1,500	1,500	0
Total Revenues	405,339	469,795	490,317	20,522
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Capital Outlay	26,771	26,771	26,743	28
Total - Regular	26,771	26,771	26,743	28
Support Services:				
Central				
Capital Outlay	6,050	6,050	6,050	0
Total - Central	6,050	6,050	6,050	0
Capital Outlay:				
Architecture and Engineering Services				
Capital Outlay	192,136	192,136	192,093	43
Total - Architecture and Engineering Serv	192,136	192,136	192,093	43
Other Facilities Acquisition and Construction				
Capital Outlay	2,132,029	2,167,229	2,167,133	96
Total - Other Facilities Acq & Construction	2,132,029	2,167,229	2,167,133	96
Debt Service:				
Interest				
Interest	7,000	14,000	13,959	41
Total - Interest	7,000	14,000	13,959	41
Total Expenditures	2,363,986	2,406,186	2,405,978	208

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Excess of Revenues Over (Under) Expenditures	(1,958,647)	(1,936,391)	(1,915,661)	20,730
OTHER FINANCING SOURCES AND USES:				
Other Financing Sources	622	622	622	0
Total Other Financing Sources and Uses	622	622	622	0
Net Change in Fund Balances	(1,958,025)	(1,935,769)	(1,915,039)	20,730
Fund Balance (Deficit) at Beginning of Year	5,725	5,725	5,725	0
Prior Year Encumbrances Appropriated	2,033,361	2,033,361	2,033,361	0
Fund Balance (Deficit) at End of Year	<u>\$ 81,061</u>	<u>\$ 103,317</u>	<u>\$ 124,047</u>	<u>\$ 20,730</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Interest	\$ 250,200	\$ 250,200	\$ 203,170	\$ (47,030)
Total Revenues	<u>250,200</u>	<u>250,200</u>	<u>203,170</u>	<u>(47,030)</u>
EXPENDITURES:				
Capital Outlay:				
Site Improvement Services				
Capital Outlay	<u>500,000</u>	<u>500,000</u>	<u>463,242</u>	<u>36,758</u>
Total - Site Improvement Services	<u>500,000</u>	<u>500,000</u>	<u>463,242</u>	<u>36,758</u>
Architecture and Engineering Services				
Capital Outlay	<u>892,540</u>	<u>892,540</u>	<u>285,811</u>	<u>606,729</u>
Total - Architecture and Engineering Services	<u>892,540</u>	<u>892,540</u>	<u>285,811</u>	<u>606,729</u>
Building Acquisition and Construction Services				
Capital Outlay	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Total - Bldg. Acquisition and Construct	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Building Improvement Services				
Capital Outlay	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,026,241</u>	<u>73,759</u>
Total - Building Improvement Services	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,026,241</u>	<u>73,759</u>
Other Facilities Acquisition and Construction				
Purchased Services	93,263	93,263	76,758	16,505
Capital Outlay	<u>12,613,019</u>	<u>12,613,019</u>	<u>12,442,950</u>	<u>170,069</u>
Total - Other Facilities Acquisition and Construct	<u>12,706,282</u>	<u>12,706,282</u>	<u>12,519,708</u>	<u>186,574</u>
Debt Service:				
Principal				
Other	<u>15,750,000</u>	<u>15,750,000</u>	<u>15,750,000</u>	<u>0</u>
Total - Principal	<u>15,750,000</u>	<u>15,750,000</u>	<u>15,750,000</u>	<u>0</u>
Total Expenditures	<u>30,955,822</u>	<u>30,955,822</u>	<u>30,045,002</u>	<u>910,820</u>

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Building Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Excess of Revenues Over (Under) Expenditures	(30,705,622)	(30,705,622)	(29,841,832)	863,790
OTHER FINANCING SOURCES AND USES:				
General Obligation Bonds Issued	15,750,000	15,750,000	15,750,000	0
Total Other Financing Sources and Uses	15,750,000	15,750,000	15,750,000	0
Net Change in Fund Balances	(14,955,622)	(14,955,622)	(14,091,832)	863,790
Fund Balance (Deficit) at Beginning of Year	14,898,859	14,898,859	14,898,859	0
Prior Year Encumbrances Appropriated	90,078	90,078	90,078	0
Fund Balance (Deficit) at End of Year	<u>\$ 33,315</u>	<u>\$ 33,315</u>	<u>\$ 897,105</u>	<u>\$ 863,790</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Consortium Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 619,000	\$ 619,000	\$ 705,037	\$ 86,037
Tuition and Fees	2,014,639	2,014,639	2,165,919	151,280
Customer Sales and Services	18,640	18,640	26,683	8,043
Total Revenues	2,652,279	2,652,279	2,897,639	245,360
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	729,967	718,073	711,453	6,620
Fringe Benefits	242,737	242,737	242,076	661
Purchased Services	64,813	64,813	54,329	10,484
Materials and Supplies	31,347	26,847	24,094	2,753
Capital Outlay	19,079	13,579	10,248	3,331
Total - Special	1,087,943	1,066,049	1,042,200	23,849
Vocational				
Salaries	357,278	357,278	352,262	5,016
Fringe Benefits	119,966	119,966	113,759	6,207
Purchased Services	33,935	33,935	27,001	6,934
Materials and Supplies	69,894	51,180	44,395	6,785
Capital Outlay	23,263	13,263	11,848	1,415
Total - Vocational	604,336	575,622	549,265	26,357
Support Services:				
Pupils				
Salaries	822,657	822,657	813,390	9,267
Fringe Benefits	292,631	288,246	283,389	4,857
Purchased Services	8,336	6,721	1,728	4,993
Materials and Supplies	402	402	110	292
Total - Pupils	1,124,026	1,118,026	1,098,617	19,409
Central				
Materials and Supplies	680	680	652	28
Total - Central	680	680	652	28

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Consortium Fund
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Total Expenditures	2,816,985	2,760,377	2,690,734	69,643
Excess of Revenues Over (Under) Expenditures	(164,706)	(108,098)	206,905	315,003
OTHER FINANCING SOURCES AND USES:				
Transfers In	7,050	7,050	7,050	0
Advances In	0	0	1,000	1,000
Advances Out	(10,000)	(10,000)	(10,000)	0
Total Other Financing Sources and Uses	(2,950)	(2,950)	(1,950)	1,000
Net Change in Fund Balances	(167,656)	(111,048)	204,955	316,003
Fund Balance (Deficit) at Beginning of Year	1,218,929	1,218,929	1,218,929	0
Prior Year Encumbrances Appropriated	13,859	13,859	13,859	0
Fund Balance (Deficit) at End of Year	<u>\$ 1,065,132</u>	<u>\$ 1,121,740</u>	<u>\$ 1,437,743</u>	<u>\$ 316,003</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$28,319	\$28,319	\$28,319	\$0
Total Revenues	28,319	28,319	28,319	0
EXPENDITURES:				
Current:				
Support Services:				
Central				
Purchased Services	23,719	3,435	3,357	78
Total - Central	23,719	3,435	3,357	78
Total Expenditures	23,719	3,435	3,357	78
Excess of Revenues Over (Under) Expenditures	4,600	24,884	24,962	78
Net Change in Fund Balances	4,600	24,884	24,962	0
Fund Balance (Deficit) at Beginning of Year	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$4,600</u>	<u>\$24,884</u>	<u>\$24,962</u>	<u>\$78</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 29,600	\$ 28,800	\$ 25,036	\$ (3,764)
Interest	300	300	690	390
Customer Sales and Services	<u>328,590</u>	<u>328,590</u>	<u>301,359</u>	<u>(27,231)</u>
Total Revenues	<u>358,490</u>	<u>357,690</u>	<u>327,085</u>	<u>(30,605)</u>
EXPENDITURES:				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations				
Salaries	226,613	195,613	195,282	331
Fringe Benefits	118,256	103,256	94,881	8,375
Purchased Services	25,191	26,391	26,370	21
Materials and Supplies	202,000	211,800	192,498	19,302
Capital Outlay	<u>20,000</u>	<u>4,000</u>	<u>3,762</u>	<u>238</u>
Total - Food Service Operations	<u>592,060</u>	<u>541,060</u>	<u>512,793</u>	<u>28,267</u>
Total Expenditures	<u>592,060</u>	<u>541,060</u>	<u>512,793</u>	<u>28,267</u>
Excess of Revenues Over (Under) Expenditures	<u>(233,570)</u>	<u>(183,370)</u>	<u>(185,708)</u>	<u>(2,338)</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	<u>230,000</u>	<u>185,000</u>	<u>180,000</u>	<u>(5,000)</u>
Total Other Financing Sources and Uses	<u>230,000</u>	<u>185,000</u>	<u>180,000</u>	<u>(5,000)</u>
Net Change in Fund Balances	(3,570)	1,630	(5,708)	(7,338)
Fund Balance (Deficit) at Beginning of Year	4,514	4,514	4,514	0
Prior Year Encumbrances Appropriated	<u>1,242</u>	<u>1,242</u>	<u>1,242</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 2,186</u>	<u>\$ 7,386</u>	<u>\$ 48</u>	<u>\$ (7,338)</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Interest	\$ 90	\$ 90	\$ 48	\$ (42)
Gifts and Donations	350	350	1,065	715
Customer Sales and Services	<u>8,727</u>	<u>8,727</u>	<u>16,627</u>	<u>7,900</u>
Total Revenues	<u>9,167</u>	<u>9,167</u>	<u>17,740</u>	<u>8,573</u>
EXPENDITURES:				
Current:				
Support Services:				
Pupils				
Other	<u>12,772</u>	<u>12,772</u>	<u>12,477</u>	<u>295</u>
Total - Pupils	<u>12,772</u>	<u>12,772</u>	<u>12,477</u>	<u>295</u>
Fiscal				
Purchased Services	<u>1,300</u>	<u>1,300</u>	<u>1,268</u>	<u>32</u>
Total - Fiscal	<u>1,300</u>	<u>1,300</u>	<u>1,268</u>	<u>32</u>
Total Expenditures	<u>14,072</u>	<u>14,072</u>	<u>13,745</u>	<u>327</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,905)</u>	<u>(4,905)</u>	<u>3,995</u>	<u>8,900</u>
Net Change in Fund Balances	(4,905)	(4,905)	3,995	8,900
Fund Balance (Deficit) at Beginning of Year	<u>17,766</u>	<u>17,766</u>	<u>17,766</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 12,861</u>	<u>\$ 12,861</u>	<u>\$ 21,761</u>	<u>\$ 8,900</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Uniform Supplies
For the Fiscal Year Ended June 30, 2003

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

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Customer Sales and Services	\$ 4,000	\$ 990	\$ 990	\$0
Total Revenues	<u>4,000</u>	<u>990</u>	<u>990</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Vocational				
Purchased Services	4,800	2,300	1,876	424
Materials and Supplies	<u>1,200</u>	<u>200</u>	<u>184</u>	<u>16</u>
Total - Vocational	<u>6,000</u>	<u>2,500</u>	<u>2,060</u>	<u>440</u>
Total Expenditures	<u>6,000</u>	<u>2,500</u>	<u>2,060</u>	<u>440</u>
Excess of Revenues Over (Under) Expenditure:	<u>(2,000)</u>	<u>(1,510)</u>	<u>(1,070)</u>	<u>440</u>
Net Change in Fund Balances	(2,000)	(1,510)	(1,070)	440
Fund Balance (Deficit) at Beginning of Year	<u>4,510</u>	<u>4,510</u>	<u>4,510</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 2,510</u>	<u>\$ 3,000</u>	<u>\$ 3,440</u>	<u>\$ 440</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Recreation
 For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Customer Sales and Services	\$ 134,300	\$ 134,300	\$ 152,785	\$ 18,485
Total Revenues	134,300	134,300	152,785	18,485
EXPENDITURES:				
Current:				
Instruction:				
Adult/Continuing				
Salaries	76,047	106,047	95,033	11,014
Fringe Benefits	12,338	17,438	15,476	1,962
Purchased Services	44,071	54,071	48,416	5,655
Materials and Supplies	5,965	10,965	6,792	4,173
Other	2,600	2,600	2,505	95
Capital Outlay	375	375		375
Total - Adult/Continuing	141,396	191,496	168,222	23,274
Total Expenditures	141,396	191,496	168,222	23,274
Excess of Revenues Over (Under) Expenditures	(7,096)	(57,196)	(15,437)	41,759
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	0	8,250	8,250
Total Other Financing Sources and Uses	0	0	8,250	8,250
Net Change in Fund Balances	(7,096)	(57,196)	(7,187)	50,009
Fund Balance (Deficit) at Beginning of Year	116,814	116,814	116,814	0
Prior Year Encumbrances Appropriated	945	945	945	0
Fund Balance (Deficit) at End of Year	\$ 110,663	\$ 60,563	\$ 110,572	\$ 50,009

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Pupil Support
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Gifts and Donations	\$ 17,229	\$ 16,264	\$ 16,646	\$ 382
Customer Sales and Services	5	5	77	72
Total Revenues	<u>17,234</u>	<u>16,269</u>	<u>16,723</u>	<u>454</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Purchased Services	2,600	2,600	1,345	1,255
Materials and Supplies	4,135	4,269	1,601	2,668
Capital Outlay	6,765	7,765	6,524	1,241
Total - Regular	<u>13,500</u>	<u>14,634</u>	<u>9,470</u>	<u>5,164</u>
Total Expenditures	<u>13,500</u>	<u>14,634</u>	<u>9,470</u>	<u>5,164</u>
Excess of Revenues Over (Under) Expenditures	<u>3,734</u>	<u>1,635</u>	<u>7,253</u>	<u>5,618</u>
Net Change in Fund Balances	3,734	1,635	7,253	5,618
Fund Balance (Deficit) at Beginning of Year	20,181	20,181	20,181	0
Prior Year Encumbrances Appropriated	<u>100</u>	<u>100</u>	<u>100</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 24,015</u>	<u>\$ 21,916</u>	<u>\$ 27,534</u>	<u>\$ 5,618</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Misc. Local Grants
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Customer Sales and Services	\$4,000	\$0	\$0	\$0
Total Revenues	4,000	0	0	0
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Purchased Services	1,475	1,475	1,475	
Materials and Supplies	3,623	3,623	718	2,905
Capital Outlay	605	605	559	46
Total - Regular	5,703	5,703	2,752	2,951
Special				
Purchased Services	525	525	0	525
Materials and Supplies	500	500	0	500
Total - Special	1,025	1,025	0	1,025
Support Services:				
Pupils				
Other	329	329	0	329
Total - Pupils	329	329	0	329
Administration				
Purchased Services	4,687	5,500	3,617	1,883
Total - Administration	4,687	5,500	3,617	1,883
Central				
Capital Outlay	1,756	1,756	0	1,756
Total - Central	1,756	1,756	0	1,756
Total Expenditures	13,500	14,313	6,369	7,944
Excess of Revenues Over (Under) Expenditures	(9,500)	(14,313)	(6,369)	7,944

(continued)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Misc. Local Grants
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	\$4,500	\$4,500	\$5,000	\$500
Refund of Prior Year Receipts	0	(176)	(176)	0
Total Other Financing Sources and Uses	<u>4,500</u>	<u>4,324</u>	<u>4,824</u>	<u>500</u>
Net Change in Fund Balances	(5,000)	(9,989)	(1,545)	8,444
Fund Balance (Deficit) at Beginning of Year	15,279	15,279	15,279	0
Prior Year Encumbrances Appropriated	<u>650</u>	<u>650</u>	<u>650</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$10,929</u></u>	<u><u>\$5,940</u></u>	<u><u>\$14,384</u></u>	<u><u>\$8,444</u></u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Tuition and Fees	\$ 397,633	\$ 400,500	\$ 378,345	\$ (22,155)
Customer Sales and Services	0	0	2,065	2,065
Miscellaneous	1,575	1,575	0	(1,575)
Total Revenues	<u>399,208</u>	<u>402,075</u>	<u>380,410</u>	<u>(21,665)</u>
EXPENDITURES:				
Current:				
Instruction:				
Other				
Salaries	255,298	265,925	239,343	26,582
Fringe Benefits	112,076	112,076	110,591	1,485
Purchased Services	29,195	29,195	28,069	1,126
Materials and Supplies	23,795	23,795	18,018	5,777
Capital Outlay	2,455	2,455	1,186	1,269
Total - Other	<u>422,819</u>	<u>433,446</u>	<u>397,207</u>	<u>36,239</u>
Total Expenditures	<u>422,819</u>	<u>433,446</u>	<u>397,207</u>	<u>36,239</u>
Excess of Revenues Over (Under) Expenditures	<u>(23,611)</u>	<u>(31,371)</u>	<u>(16,797)</u>	<u>14,574</u>
OTHER FINANCING SOURCES AND USES:				
Advances In	62,000	62,000	48,500	(13,500)
Advances Out	(40,000)	(40,000)	(40,000)	0
Total Other Financing Sources and Uses	<u>22,000</u>	<u>22,000</u>	<u>8,500</u>	<u>(13,500)</u>
Net Change in Fund Balances	(1,611)	(9,371)	(8,297)	1,074
Fund Balance (Deficit) at Beginning of Year	16,739	16,739	16,739	0
Prior Year Encumbrances Appropriated	2,641	2,641	2,641	0
Fund Balance (Deficit) at End of Year	<u>\$ 17,769</u>	<u>\$ 10,009</u>	<u>\$ 11,083</u>	<u>\$ 1,074</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
District Managed Student Activities
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Extracurricular Activities	\$ 85,000	\$ 89,565	\$ 66,948	\$ (22,617)
Total Revenues	85,000	89,565	66,948	(22,617)
EXPENDITURES:				
Current:				
Extracurricular Activities:				
Academic Oriented Activities				
Purchased Services	38,669	38,669	38,616	53
Materials and Supplies	5,000	5,000	3,823	1,177
Total - Academic Oriented Activities	43,669	43,669	42,439	1,230
Sport Oriented Activities				
Purchased Services	65,564	66,989	60,984	6,005
Materials and Supplies	53,179	53,179	52,281	898
Other	24,178	23,580	15,623	7,957
Capital Outlay	5,931	5,931	5,902	29
Total - Sport Oriented Activities	148,852	149,679	134,790	14,889
Total Expenditures	192,521	193,348	177,229	16,119
Excess of Revenues Over (Under) Expenditures	(107,521)	(103,783)	(110,281)	(6,498)
OTHER FINANCING SOURCES AND USES:				
Transfers In	110,500	110,500	110,500	0
Total Other Financing Sources and Uses	110,500	110,500	110,500	0
Net Change in Fund Balances	2,979	6,717	219	(6,498)
Fund Balance (Deficit) at Beginning of Year	8,538	8,538	8,538	0
Prior Year Encumbrances Appropriated	1,291	1,291	1,291	0
Fund Balance (Deficit) at End of Year	\$ 12,808	\$ 16,546	\$ 10,048	\$ (6,498)

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 180,747	\$ 180,747	\$ 157,016	\$ (23,731)
Interest	130	130	109	(21)
Total Revenues	<u>180,877</u>	<u>180,877</u>	<u>157,125</u>	<u>(23,752)</u>
EXPENDITURES:				
Current:				
Operation of Non-Instructional Services:				
Community Services				
Salaries	3,000	3,000	2,834	166
Fringe Benefits	1,294	1,294	433	861
Purchased Services	169,273	149,916	142,094	7,822
Materials and Supplies	10,868	10,868	9,736	1,132
Capital Outlay	5,165	5,165	4,101	1,064
Total - Community Services	<u>189,600</u>	<u>170,243</u>	<u>159,198</u>	<u>11,045</u>
Total Expenditures	<u>189,600</u>	<u>170,243</u>	<u>159,198</u>	<u>11,045</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,723)</u>	<u>10,634</u>	<u>(2,073)</u>	<u>(12,707)</u>
Net Change in Fund Balances	(8,723)	10,634	(2,073)	(12,707)
Fund Balance (Deficit) at Beginning of Year	599	599	599	0
Prior Year Encumbrances Appropriated	8,125	8,125	8,125	0
Fund Balance (Deficit) at End of Year	<u>\$ 1</u>	<u>\$ 19,358</u>	<u>\$ 6,651</u>	<u>\$ (12,707)</u>

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Management Information Systems
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 5,700	\$ 5,700	\$ 5,791	\$ 91
Total Revenues	<u>5,700</u>	<u>5,700</u>	<u>5,791</u>	<u>91</u>
EXPENDITURES:				
Current:				
Support Services:				
Central	<u>5,700</u>	<u>5,700</u>	<u>0</u>	<u>5,700</u>
Total Expenditures	<u>5,700</u>	<u>5,700</u>	<u>0</u>	<u>5,700</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>5,791</u>	<u>5,791</u>
Net Change in Fund Balances	0	0	5,791	5,791
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$ 5,791</u>	<u>\$ 5,791</u>

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Entry Year Grant
For the Fiscal Year Ended June 30, 2003

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

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 One Net
 For the Fiscal Year Ended June 30, 2003*

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

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Professional Development
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$4,600	\$0	\$0	\$0
Total Revenues	4,600	0	0	0
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	879	879	879	0
Total - Regular	879	879	879	0
Support Services:				
Central				
Purchased Services	8,685	4,085	4,085	0
Total - Central	8,685	4,085	4,085	0
Total Expenditures	9,564	4,964	4,964	0
Excess of Revenues Over (Under) Expenditures	(4,964)	(4,964)	(4,964)	0
Net Change in Fund Balances	(4,964)	(4,964)	(4,964)	0
Fund Balance (Deficit) at Beginning of Year	4,964	4,964	4,964	0
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Miscellaneous State Grants
 For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$7,550	\$7,550	\$7,550	\$0
Total Revenues	<u>7,550</u>	<u>7,550</u>	<u>7,550</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	4,500	4,500	4,500	0
Other	1,500	1,500	1,500	0
Total - Regular	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Support Services:				
Business				
Purchased Services	1,550	1,550	1,548	2
Total - Business	<u>1,550</u>	<u>1,550</u>	<u>1,548</u>	<u>2</u>
Total Expenditures	<u>7,550</u>	<u>7,550</u>	<u>7,548</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Net Change in Fund Balances	0	0	2	2
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2</u>	<u>\$2</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
IDEA B
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$172,621	\$172,621	\$172,621	\$0
Total Revenues	<u>172,621</u>	<u>172,621</u>	<u>172,621</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Special				
Purchased Services	5,387	5,387	5,387	0
Total - Special	<u>5,387</u>	<u>5,387</u>	<u>5,387</u>	<u>0</u>
Support Services:				
Pupils				
Salaries	82,217	82,217	82,217	0
Fringe Benefits	16,023	16,023	16,023	0
Purchased Services	40,113	40,113	40,113	0
Materials and Supplies	1,894	1,894	1,894	0
Capital Outlay	794	794	794	0
Total - Pupils	<u>141,041</u>	<u>141,041</u>	<u>141,041</u>	<u>0</u>
Instructional Staff				
Salaries	16,304	16,304	16,304	0
Fringe Benefits	5,464	5,464	5,464	0
Total - Instructional Staff	<u>21,768</u>	<u>21,768</u>	<u>21,768</u>	<u>0</u>
Administration				
Salaries	8,160	8,160	8,160	0
Fringe Benefits	1,943	1,943	1,943	0
Total - Administration	<u>10,103</u>	<u>10,103</u>	<u>10,103</u>	<u>0</u>
Total Expenditures	<u>178,299</u>	<u>178,299</u>	<u>178,299</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,678)</u>	<u>(5,678)</u>	<u>(5,678)</u>	<u>0</u>
Net Change in Fund Balances	(5,678)	(5,678)	(5,678)	0
Fund Balance (Deficit) at Beginning of Year	2	2	2	0
Prior Year Encumbrances Appropriated	5,676	5,676	5,676	0
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title V
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$10,162	\$10,162	\$10,162	\$0
Total Revenues	10,162	10,162	10,162	0
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	10,046	10,046	10,046	0
Total - Special	10,046	10,046	10,046	0
Operation of Non-Instructional Services:				
Community Services				
Materials and Supplies	116	116	0	116
Total - Community Services	116	116	0	116
Total Expenditures	10,162	10,162	10,046	116
Excess of Revenues Over (Under) Expenditures	0	0	116	116
Net Change in Fund Balances	0	0	116	116
Fund Balance (Deficit) at Beginning of Year	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$116</u>	<u>\$116</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Emergency Immigrant Education
 For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES:				
Current:				
Instruction:				
Special Salaries	\$761	\$761	\$761	\$0
Total - Special Instruction	761	761	761	0
Total Expenditures	761	761	761	0
Net Change in Fund Balance	(761)	(761)	(761)	0
Fund Balance (Deficit) at Beginning of Year	683	683	683	0
Prior Year Encumbrances Appropriated	78	78	78	0
Fund Balance (Deficit) at End of Year	\$0	\$0	\$0	\$0

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Education (Title IV-A)
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$4,770	\$4,770	\$3,424	(\$1,346)
Total Revenues	4,770	4,770	3,424	(1,346)
EXPENDITURES:				
Current:				
Support Services:				
Pupils				
Salaries	2,992	2,992	2,992	0
Purchased Services	873	873	873	0
Materials and Supplies	880	880	880	0
Total - Pupils	4,745	4,745	4,745	0
Operation of Non-Instructional Services:				
Community Services				
Materials and Supplies	48	48	0	48
Total - Community Services	48	48	0	48
Total Expenditures	4,793	4,793	4,745	48
Excess of Revenues Over (Under) Expenditures	(23)	(23)	(1,321)	(1,298)
Net Change in Fund Balances	(23)	(23)	(1,321)	(1,298)
Fund Balance (Deficit) at Beginning of Year	1,369	1,369	1,369	0
Fund Balance (Deficit) at End of Year	\$1,346	\$1,346	\$48	(\$1,298)

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Preschool Handicapped Grant
 For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$9,763	\$9,763	\$9,763	\$0
Total Revenues	9,763	9,763	9,763	0
EXPENDITURES:				
Current:				
Support Services:				
Instructional Staff				
Salaries	9,763	9,763	9,763	0
Total - Instructional Staff	9,763	9,763	9,763	0
Total Expenditures	9,763	9,763	9,763	0
Net Change in Fund Balance	0	0	0	0
Fund Balance (Deficit) at Beginning of Year	0	0	0	0
Fund Balance (Deficit) at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Local Professional Development Grant
 For the Fiscal Year Ended June 30, 2003*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES AND USES:				
Refund of Prior Year Receipts	\$0	(\$1,490)	(\$1,490)	\$0
Total Other Financing Sources and Uses	0	(1,490)	(1,490)	0
Net Change in Fund Balances	0	(1,490)	(1,490)	0
Fund Balance (Deficit) at Beginning of Year	7,413	7,413	7,413	0
Fund Balance (Deficit) at End of Year	<u>\$7,413</u>	<u>\$5,923</u>	<u>\$5,923</u>	<u>\$0</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title II-A
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$25,752	\$25,752	\$25,752	\$0
Total Revenues	25,752	25,752	25,752	0
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	25,752	25,752	25,752	0
Total - Special	25,752	25,752	25,752	0
Total Expenditures	25,752	25,752	25,752	0
Net Change in Fund Balance	0	0	0	0
Fund Balance (Deficit) at Beginning of Year	0	0	0	0
Fund Balance (Deficit) at End of Year	\$0	\$0	\$0	\$0

Beachwood City Schools
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Care Benefits
For the Fiscal Year Ended June 30, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES:				
Other Revenues	\$60,000	\$60,000	\$60,000	\$0
Total Operating Revenues	60,000	60,000	60,000	0
OPERATING EXPENSES:				
Other	72,000	87,000	86,955	45
Total Operating Expenses	72,000	87,000	86,955	45
Operating Income (Loss)	(12,000)	(27,000)	(26,955)	45
Income (Loss) Before Contributions and Transfers	(12,000)	(27,000)	(26,955)	45
Change in Net Assets	(12,000)	(27,000)	(26,955)	45
Net Assets (Deficit) at Beginning of Year	171,768	171,768	171,768	0
Net Assets (Deficit) at End of Year	<u>\$ 159,768</u>	<u>\$ 144,768</u>	<u>\$ 144,813</u>	<u>\$ 45</u>

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

	Full Accrual	Modified Accrual		Last Ten Years									
	2003	2003	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	
Instruction	\$17,011,004	\$16,678,096	\$12,444,438	\$11,028,622	\$10,302,192	\$9,794,051	\$9,114,562	\$8,548,145	\$8,275,956	\$8,589,274			
Support Services:													
Pupil	2,688,550	2,614,236	1,526,258	1,256,974	1,230,135	1,330,343	1,329,622	1,293,108	1,217,709	1,100,746			
Instructional Staff	971,811	966,523	1,071,638	978,753	854,324	850,369	837,004	855,671	910,788	872,694			
Board of Education	284,394	263,595	294,226	592,182	286,573	231,410	223,210	185,688	180,974	191,282			
Administration	2,398,216	2,466,060	2,200,992	2,009,038	2,020,920	1,772,108	1,655,143	1,803,786	1,584,261	1,693,882			
Fiscal	696,353	688,430	714,044	703,634	654,159	598,323	608,885	577,656	526,617	572,621			
Business	579,234	580,659	630,943	595,903	470,691	490,540	451,768	467,578	412,006	402,815			
Operation and													
Maintenance of Plant	3,511,269	3,491,718	3,374,674	3,141,249	2,861,431	2,549,054	2,583,308	2,583,644	2,540,382	2,635,284			
Pupil Transportation	1,764,492	1,646,430	1,399,834	1,203,800	1,185,776	1,123,682	1,134,748	1,162,692	1,116,312	1,082,296			
Central	902,864	1,029,550	705,474	726,553	499,374	389,466	348,814	383,737	288,822	179,310			
Non-instructional	683,080	626,473	0	0	0	7,847	0	6,317	6,154	4,416			
Extracurricular Activities	944,606	932,594	560,197	360,081	322,261	313,744	279,267	262,049	249,025	244,101			
Capital Outlay	647,931	11,379,293	0	0	0	0	0	0	0	0			
Debt Service	1,027,560	2,659,098	0	0	0	0	0	0	0	0			
Total	\$34,111,364	\$46,022,755	\$24,922,718	\$22,596,789	\$20,687,836	\$19,450,937	\$18,566,331	\$18,130,071	\$17,309,006	\$17,568,721			

Source: School District Financial Records

(1) Years 1994 - 2002 are reported on a modified accrual basis and include general fund and special revenue funds. Fiscal year 2003 is reported on both a modified and full accrual basis and includes all governmental activities

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

	Full Accrual	Modified Accrual									
	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	
Program Revenues:											
Charges for services and sales	\$4,181,340	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Operating grants and contributions	1,356,195	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Capital grants and contributions	39,089	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
General Revenues											
Taxes	25,000,564	21,737,304	20,975,640	18,784,502	18,579,347	17,540,448	16,809,907	16,175,106	15,183,032	16,209,847	
Tuition and Fees	0	568,401	689,572	184,932	119,779	271,174	319,637	110,543	165,486	40,176	
Interest	364,914	264,216	530,938	485,893	450,823	431,244	291,216	255,758	232,090	100,508	
Grants and entitlements not restricted	4,089,674	3,005,798	2,766,640	2,609,534	2,450,867	2,360,848	2,274,894	2,162,270	2,098,907	2,221,280	
Gain (Loss) on disposal of capital assets	(162,647)	0	0	0	0	0	0	0	0	0	
Miscellaneous Revenue from											
Local Sources	22,052	63,691	176,644	58,766	62,476	91,398	269,038	87,607	200,496	102,446	
Total	\$34,891,181	\$25,639,410	\$25,139,434	\$22,123,627	\$21,663,292	\$20,695,112	\$19,964,692	\$18,791,284	\$17,880,011	\$18,674,257	

Source: School District Financial Records

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

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

Tax Year/ Collection Year	Current Levy	Delinquent Levy	Total Levy	Current Collection	Percent of		Total Collection	Total Collected As a Percent of Current Levy
					Current Levy Collected	Delinquent Collection		
2002/2003	\$30,062,190	\$1,842,359	\$31,904,549	\$26,350,939	82.59%	\$380,546	\$26,731,485	88.9%
2001/2002	25,229,116	2,485,421	27,714,537	23,490,605	93.11%	1,334,269	24,824,874	98.4%
2000/2001	24,043,459	1,313,444	25,356,903	22,496,799	93.57%	1,468,741	23,965,540	99.7%
1999/2000	23,369,923	1,153,949	24,523,872	22,756,093	97.37%	662,490	23,418,583	100.2%
1998/1999	22,044,802	1,163,401	23,208,203	21,118,474	95.80%	752,386	21,870,860	99.2%
1997/1998	20,900,491	1,244,733	22,145,224	19,998,904	95.69%	599,164	20,598,068	98.6%
1996/1997	18,596,070	1,236,807	19,832,877	18,100,987	97.3%	643,217	18,744,204	100.8%
1995/1996	18,267,474	1,140,768	19,408,242	17,099,591	93.6%	390,735	17,490,326	95.7%
1994/1995	18,149,911	2,792,237	20,942,148	17,211,067	94.8%	1,681,481	18,892,548	104.1%
1992/1993	18,006,639	2,070,850	20,077,489	16,672,050	92.6%	609,010	17,281,060	96.0%

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

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

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

Tax Year/ Collection Year	Agricultural And Residential	Other	Public	Tangible	Total	Estimated	Ratio
	Real Estate	Real Estate	Utility Personal	Personal	Assessed Valuation	Actual Value	
2002/2003	\$289,676,150	\$329,433,890	\$11,948,350	\$72,216,204	\$703,274,594	\$2,096,447,000	34%
2001/2002	288,676,070	325,090,610	21,361,060	77,360,149	712,487,889	2,087,333,614	34%
2000/2001	287,492,690	322,746,760	14,601,620	73,392,504	698,233,574	2,053,704,052	34%
1999/2000	263,927,060	275,087,650	18,279,300	68,012,471	625,306,481	1,832,863,845	34%
1998/1999	261,109,480	265,821,240	20,322,810	64,860,358	612,113,888	1,788,051,877	34%
1997/1998	259,144,980	247,799,030	18,944,410	53,657,332	579,545,752	1,684,568,605	34%
1996/1997	242,577,970	225,986,570	20,025,830	48,897,801	537,488,171	1,557,103,600	35%
1995/1996	242,188,780	213,121,340	18,884,910	43,496,246	517,691,276	1,479,117,931	35%
1994/1995	243,276,140	210,328,890	20,133,470	43,939,322	517,677,822	1,479,079,491	35%
1993/1994	212,269,710	209,013,530	19,562,430	43,053,298	483,898,968	1,382,568,480	35%

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

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

Tax Year/ Collection Year	School Levy	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
					School	County	Total
2002/2003	77.50	17.60	4.00	99.10	3.00	0.86	3.86
2001/2002	67.90	17.60	4.00	89.50	1.40	0.86	2.26
2000/2001	67.90	17.60	4.00	89.50	1.40	0.79	2.19
1999/2000	68.00	16.70	4.00	88.70	1.50	0.85	2.35
1998/1999	68.10	16.70	4.00	88.80	1.60	0.72	2.32
1997/1998	67.50	18.00	4.00	89.50	1.00	0.60	1.60
1996/1997	67.80	18.00	4.00	89.80	1.30	0.90	2.20
1995/1996	65.10	18.00	4.00	87.10	1.30	0.87	2.17
1994/1995	65.30	18.20	4.00	87.50	1.50	0.76	2.26
1993/1994	65.40	17.80	3.40	86.60	1.60	0.68	2.28

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

Beachwood City School District
Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years

<u>Year</u>	<u>Gross General Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Assessed Value</u>	<u>Population (1)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
2003	\$18,889,982	\$1,305,760	\$17,584,222	\$703,274,594	12,000	2.50%	\$1,465
2002	3,859,000	955,728	2,903,272	712,487,889	12,000	0.41%	242
2001	4,558,000	1,039,085	3,518,915	698,233,574	12,000	0.50%	293
2000	5,213,000	739,024	4,473,976	625,306,481	12,000	0.72%	373
1999	5,672,000	662,489	5,009,511	612,113,888	12,000	0.82%	417
1998	5,941,000	521,562	5,419,438	579,545,772	12,000	0.94%	452
1997	5,980,000	90,045	5,889,955	537,488,171	12,000	1.10%	491
1996	6,200,000	97,258	6,102,742	517,691,276	12,000	1.18%	509
1995	6,551,406	155,094	6,396,312	517,677,822	12,000	1.24%	533
1994	6,897,812	220,791	6,677,021	483,898,968	12,000	1.38%	556

(1) Source: Estimates provided by City of Beachwood.

**Beachwood City School District
Computation of Legal Debt Margin
June 30, 2003**

Assessed Valuation (2002)	<u><u>\$703,274,594</u></u>
Bonded Debt Limit - 9% of Assessed Value (1)	\$63,294,713
Amount of Debt Applicable to Debt Limit: Bonded Debt	18,814,982
	<hr/>
Voted Debt Margin	<u><u>\$44,479,731</u></u>
Bonded Debt Limit - .1% of Assessed Value (1)	\$703,275
Amount of Debt Applicable - Bus financing pool	75,000
	<hr/>
Unvoted Debt Margin	<u><u>\$628,275</u></u>

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

**Beachwood City School District
 Computation of Direct and Overlapping Debt
 General Obligation
 As of December 31, 2002**

<u>Jurisdiction</u>	<u>General Obligation Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<i>Direct Debt:</i>			
Beachwood City School District	\$18,814,982	100.00%	\$18,814,982
<i>Overlapping Debt:</i>			
Cuyahoga County	200,162,636	2.64%	5,284,294
Regional Transit Authority	136,310,000	2.64%	3,598,584
City of Pepper Pike	5,598,638	0.0040%	224
 Total	 <u><u>\$360,886,256</u></u>		 <u><u>\$27,698,084</u></u>

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u>
2003	\$1,549,000	\$910,926	\$2,459,926	\$27,669,100	8.89%
2002	699,000	278,690	977,690	25,465,985	3.84%
2001	655,000	323,701	978,701	25,595,497	3.82%
2000	586,000	357,995	943,995	22,928,160	4.12%
1999	362,400	384,503	746,903	20,970,609	3.56%
1998	267,200	539,841	807,041	19,649,537	4.11%
1997	220,200	409,640	629,840	18,761,617	3.36%
1996	351,406	428,920	780,326	18,509,279	4.22%
1995	346,406	452,678	799,084	17,782,762	4.49%
1994	346,406	476,420	822,826	18,021,552	4.57%

Source: School District Financial Records

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

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

Source: City of Beachwood Building Department

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

Calendar Year	Number of		Construction Value (a)	Number of Residential Units	Construction Value (a)	Cuyahoga County Bank Deposits (b) (in \$000's)	Tax Valuation		Commercial Other(c)	Total Assessed
	Commercial Units	Residential Units					Residential	Agric. (c)		
2002	8	2	\$20,951,100	2	\$1,000,000	\$95,761,917	\$289,676,150	\$329,433,890	\$703,274,594	
2001	4	4	45,250,000	4	650,000	63,893,769	288,676,070	325,090,610	712,487,889	
2000	4	4	13,835,000	4	1,682,000	61,942,764	287,492,690	322,746,760	698,233,574	
1999	4	4	15,615,775	4	2,200,000	57,021,360	263,927,060	275,087,650	625,306,481	
1998	3	4	14,750,000	4	1,755,000	56,770,353	261,109,480	265,821,240	612,113,888	
1997	3	13	37,300,000	13	4,187,800	53,941,971 (d)	259,144,980	247,799,030	579,545,772	
1996	3	13	35,320,000	13	5,790,000	27,068,211	242,577,970	225,986,570	537,488,171	
1995	2	9	66,000	9	2,740,000	22,458,673	242,188,780	213,121,340	517,691,276	
1994	2	4	38,000	4	1,315,000	20,885,453	243,276,140	210,328,890	517,677,822	
1993	7	2	17,105,360	2	700,000	21,009,421	212,269,710	209,013,530	483,898,968	

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

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

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Commercial Valuation</u>
Beachwood Place Limited	Mall	\$88,979,660	27.01%
Bracebridge Corp.	Retail	63,269,400	19.21%
Cleveland Clinic	Health Care	26,746,940	8.12%
Hamptons Apartment	Apartments	21,693,020	6.58%
Doublewood Corp.	Hotel	21,540,200	6.54%
Village Green of Beachwood	Condominiums	18,571,720	5.64%
Beachwood Place	Retail	14,864,960	4.51%
Jewish Community Center	Fitness	14,836,440	4.50%
Dillards	Retail	12,951,260	3.93%
Embassy Equity Development	Development	12,423,140	3.77%
Total		<u>\$295,876,740</u>	<u>89.81%</u>
Total Commercial Valuation		<u>\$329,433,890</u>	

Source: Cuyahoga County Auditor

**Beachwood City School District
Principal Property Taxpayers
Tangible Personal Property Tax
December 31, 2002**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Tangible Personal Property Valuation</u>
MBNA Ohio Properties, Inc.	Banking	\$5,645,030	7.82%
The Higbee Company	Retail sales	4,331,650	6.00%
Nordstrom Inc.	Retail sales	3,714,110	5.14%
Tremco	Roofing	3,011,830	4.17%
Leaseway Motorcar Co.	Car leasing	2,401,220	3.33%
Saks Fifth Avenue	Retail sales	2,009,580	2.78%
DeGussa Construction Chemicals	Construction	1,742,090	2.41%
Crestmont Cadillac	Car dealership	1,721,450	2.38%
Officemax, Inc.	Retail sales	1,625,120	2.25%
Hilton Hotels Corp.	Hotel	1,535,450	2.13%
IBM Credit Corp.	Lending	1,168,770	1.62%
Developers Diversified	Advertisement	1,127,350	1.56%
Total		<u>\$30,033,650</u>	<u>41.59%</u>
Total Tangible Personal Property Valuation		<u>\$72,216,204</u>	

Source: Cuyahoga County Auditor

Beachwood City School District
Cost to Educate a 2003 Graduate

<u>Year</u>	<u>Grade</u>	<u>Annual Cost Per Pupil</u>
2003	12	\$18,173
2002	11	16,386
2001	10	15,445
2000	9	14,356
1999	8	13,356
1998	7	12,730
1997	6	12,596
1996	5	12,209
1995	4	12,224
1994	3	12,531
1993	2	11,247
1992	1	10,549
1991	K	<u>10,854</u>
		<u><u>\$172,656</u></u>

Source: School District Records

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

<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Membership (2)</u>	<u>Per Pupil Cost</u>
2003	\$27,641,345	1,521	\$18,173
2002	24,922,718	1,521	16,386
2001	25,144,577	1,628	15,445
2000	22,596,789	1,574	14,356
1999	20,687,836	1,549	13,356
1998	19,450,937	1,528	12,730
1997	18,566,331	1,474	12,596
1996	18,130,071	1,485	12,209
1995	17,309,006	1,416	12,224
1994	17,568,721	1,402	12,531

Source: School District Financial Records

(1) Excludes other financing sources

(2) Excludes preschool enrollment

Beachwood City School District
 Student Demographic Information
 For the Year Ended June 30, 2003

<u>Grade</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Pre	13	2	15
K	32	43	75
1	61	35	96
2	36	34	70
3	50	48	98
4	60	58	118
5	62	40	102
6	47	55	102
7	59	60	119
8	69	62	131
9	75	66	141
10	79	66	145
11	94	77	171
12	109	86	195
	<u>846</u>	<u>732</u>	<u>1,578</u>

<u>Ethnic</u>	<u>Total</u>	<u>Percent</u>
Caucasian American	1,248	79.09%
African American	215	13.62%
Asian American	77	4.88%
Hispanic American	13	0.82%
Multi-Racial	25	1.58%



**Auditor of State
Betty Montgomery**

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BEACHWOOD CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 4, 2004**