



**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2006



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$9,981	\$0	\$9,981
National School Lunch Program	N/A	10.555	<u>36,231</u>	<u>0</u>	<u>36,231</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>36,231</u>	<u>9,981</u>	<u>36,231</u>	<u>9,981</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education: Grants to States	6B-SF-05	84.027	0	0	29,931	0
Special Education: Grants to States	6B-SF-06	84.027	366,041	0	340,833	0
Special Education: Preschool Grant	PG-S1-06	84.173	<u>13,176</u>	<u>0</u>	<u>13,176</u>	<u>0</u>
Total Special Education Cluster			<u>379,217</u>	<u>0</u>	<u>383,940</u>	<u>0</u>
Title I - Grants to Local Educational Agencies	C1-S1-05	84.010	(508)	0	11,763	0
Title I - Grants to Local Educational Agencies	C1-S1-06	84.010	<u>62,153</u>	<u>0</u>	<u>52,440</u>	<u>0</u>
Total Title I - Grants to Local Educational Agencies			<u>61,645</u>	<u>0</u>	<u>64,203</u>	<u>0</u>
Safe and Drug-Free Schools and Communities: State Grants	DR-S1-05	84.186	(98)	0	1,035	0
Safe and Drug-Free Schools and Communities: State Grants	DR-S1-06	84.186	<u>5,602</u>	<u>0</u>	<u>4,243</u>	<u>0</u>
Total Safe and Drug-Free Schools Grant			<u>5,504</u>	<u>0</u>	<u>5,278</u>	<u>0</u>
Innovative Education Program Strategies Grant	C2-S1-06	84.298	5,322	0	5,598	0
Title II-A Grant	TR-S1-06	84.367	29,360	0	27,423	0
Title II-D Technology Literacy Challenge Funds	TJ-S1-06	84.318	1,024	0	687	0
Title III LEP - English Language Acquisition Grants	T3-S1-05	84.365	0	0	900	0
Title III LEP - English Language Acquisition Grants	T3-S1-06	84.365	<u>6,049</u>	<u>0</u>	<u>6,049</u>	<u>0</u>
Total Title III LEP - English Language Acquisition Grants			<u>6,049</u>	<u>0</u>	<u>6,949</u>	<u>0</u>
Title III, Part B - Grants for Supportive Services and Senior Centers	HR-01-06	84.398	3,000	0	3,000	0
Total U.S. Department of Education			<u>491,121</u>	<u>0</u>	<u>497,078</u>	<u>0</u>
Total Federal Financial Assistance			<u>\$527,352</u>	<u>\$9,981</u>	<u>\$533,309</u>	<u>\$9,981</u>

The accompanying notes to this schedule are an integral part of this schedule.

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2006**

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State and local grant monies. It is assumed federal monies are expended first. At June 30, 2006, the District had no significant food commodities in inventory.

NOTE C – FEDERAL TRANSFERS

The Ohio Department of Education (ODE) transferred federal monies remaining from the 2005 grant year to the 2006 grant year for four separate grants. These amounts are shown as negative receipts for the 2005 grant year and positive receipts in the 2006 grant year. This action by ODE allowed the District to extend the availability period for expenditure of these receipts.

CFDA – Catalog of Federal Domestic Assistance



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the 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, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 29, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

December 29, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

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

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

In our opinion, the Beachwood City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beachwood City School District as of and for the year ended June 30, 2006, and have issued our report thereon dated December 29, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 29, 2006

**BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
BEACHWOOD CITY SCHOOL DISTRICT
for the
FISCAL YEAR ENDED JUNE 30, 2006



Prepared by Treasurer's Department

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24601 Fairmount Boulevard
Beachwood, Ohio 44122-2298

BEACHWOOD CITY SCHOOL DISTRICT
Comprehensive Annual Financial Report
For the Year Ended June 30, 2006
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BEACHWOOD CITY SCHOOL DISTRICT
24601 Fairmount Boulevard
Beachwood, OH 44122
Phone: 216.464.2600

December 29, 2006

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, 2006, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

This report is divided into the following sections:

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

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

Beachwood City School District

The School District

The School District is located in a growing, prosperous suburban area east of Cleveland, Ohio. The community's tax base is evenly distributed between commercial and residential property. The District serves 1,576 students from Pre-K through 12th grade in five instructional facilities.

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

Major Initiatives

Mission and Vision

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

Board of Education Goals

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

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

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

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

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

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

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

Beachwood City School District

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

Major Initiatives and Accomplishments

Looking back at the 2005-06 school year, our collective accomplishments are extremely impressive.

The Beachwood School District received the top rating of "Excellent" on the State of Ohio report card, meeting all 25 indicators and scoring above 90 percent proficiency in all but three categories. Our reading scores in grades three through eight were above 90 percent proficiency; fourth grade writing (the only grade tested) scored at 97 percent; and math scores reached above 90 percent in three grade levels. Ohio Graduation Test (OGT) scores were above 90 percent proficiency, with accelerated/advanced scores ranging from 67 to 87 percent.

These outstanding scores can be attributed to best practices in teaching by faculty in all grades Pre-K through 12 in accordance with Ohio's academic content standards. We hope to continue our history of success in mandated testing without relinquishing our teachers' dedication to the art of creative teaching.

In 2005, the Beachwood Board of Education ranked second in the country by the National School Boards Association for school technology application. Criteria centered on school boards' online presence; technology applications that allow the public to interact with school board members; access to information such as school board calendars, policies and agendas; and technology advancements in the school board chambers. This prestigious recognition joins a lengthy list of Beachwood School District awards for outstanding integrated technology, and we will continue to expand our presence as one of the most technologically advanced districts in the nation.

Another honor received by the District in 2005-06 was the State of Ohio Auditor's Award for excellence in financial accountability, awarded to fewer than 5 percent of state-audited organizations for a "clear and thorough report of finances." We are proud to join with our colleagues in the City of Beachwood, who also were recognized for excellence in financial reporting, in accepting this honor.

The District also won two national public relations awards for excellence this past school year. The 2004 Annual Report received the Award of Excellence in the National School Public Relations Association (NSPRA) 2006 Publications and Electronic Media Contest, the highest honor in the most prestigious national competition for school publications, with more than 800 entries from school districts nationwide. Also, the 2005 Levy Campaign earned the 2006 national Golden Achievement Award from NSPRA. The award was based on outstanding achievement in the four steps of a public relations program: 1) analysis of the need; 2) planning to meet the need; 3) execution and communication of the program; and 4) formal evaluation.

National Merit Scholar recognition for members of the Class of 2006 included one finalist and six commended scholars who now are studying at renowned institutions that include Cornell University, Duke University and the University of Pennsylvania. Ninety-nine percent of the students in the Class of 2006 are attending college, earning more than \$3.3 million in scholarships.

A total of 42 Beachwood High School students earned national honors as Advanced Placement (AP) Scholars, including four members of the Class of 2005 who were named National AP Scholars for receiving grades of 4 or higher on at least eight AP exams and an average grade of at least 4 on all AP exams taken. Beachwood High School's rigorous AP course offerings include 14 courses in American Government, Art, Biology,

Beachwood City School District

Calculus, Chemistry, English, French, Modern European History, Physics, Spanish, Statistics and U.S. History.

Also at Beachwood High School, the ninth grade biography project earned the national Thomson Gale TEAMS Award of Excellence. This intergenerational assignment engages students in a biography project that involves reading, writing, interviewing, oral presentation and research. The biography project was featured in a national library journal.

This past year, Beachwood High School launched Cable Channel 22, our very own broadcast vehicle for school events, concerts, athletics, public service announcements, special activities and news about our schools. In less than a year, the cable channel has far surpassed our goals in terms of both curriculum and as a communications tool, and we have received wide acclaim from our community.

The Beachwood High School Junior Council on World Affairs (JCWA) won 46 national awards this past year, the highest number of JCWA awards in the history of this extracurricular activity that teaches research, debate and analysis skills in a Model United Nations setting. The JCWA team earned two national Model UN Best Delegation Awards, at University of Virginia and Michigan State University conferences, and 44 individual awards were given to individual students for outstanding performance.

Eight high school and nine middle school students earned national recognition for superior performance in American Mathematics competitions, under their tutelage of math teachers. The high school students who were among the top scorers in the country on the 12th grade national exam included six underclassmen and a then-freshman. A Beachwood Middle school student was named to the top 1 percent of student mathematicians in the country.

In other academic awards, eight students earned top national honors in Spanish and French competitions.

The Beachwood High School yearbook earned national awards for design and photography, with the student yearbook designer honored as one of 15 students in the country to receive a 2005 Adobe InDesign Yearbook contest award and another student winning national honors for photography. The yearbook was featured in a national publication and on the publisher's Web site.

The Beachwood High School Robotics Team placed fourth out of 42 teams at the FIRST (For Inspiration and Recognition of Science and Technology) Buckeye Regional Robotics Competition. The team competed primarily against larger high school teams from Ohio, Pennsylvania, New York, Michigan and Indiana.

Nearly 50 high school and middle school students earned top ratings of superior at regional solo and ensemble competitions in band, orchestra and vocal music. Numerous top music awards included the highest rating of superior for the Beachwood High School concert band, first place at the Music in the Parks Festival at Cedar Point for the Beachwood High School Orchestra, and three students named to regional and state honors orchestras. A high school student was one of 17 students in the country to receive a National Music Educators award for music composition. In vocal music, two middle school students were named to the All-Ohio Children's Honor Choir and the new High School "Inspirational Voices" choir was selected to perform at a national music educators' conference.

Eight Middle School students earned top awards at the Northeast Ohio Science and Engineering Fair. Their award-winning work was in the categories of biological, physical and behavioral sciences. We congratulate these young scientists and their advisors.

Beachwood City School District

Not to be outdone by their older brothers and sisters, our sixth graders earned an international championship last school year in the computer-based academic competition Knowledge Master Open (KMO). Each year, KMO attracts up to 4,000 schools and 60,000 participants in grades 5-12. We are very proud of these youngsters and look forward to continued academic excellence as they progress through the Beachwood School District.

Two Destination Imagination teams won regional championships and qualified for states in this international program based on creative problem-solving. The teams chose from a variety of challenges ranging from building weight-bearing structures to the creation of technical special effects to research, writing and performing original skits under specific guidelines.

We also were proud to congratulate the Beachwood preschool and summer camps, which were named #1 in the Cleveland Jewish News "Best of 2005."

Beachwood Middle School technology teacher Bob Davis was one of 100 teachers nationwide named an "Unsung Hero" by global financial company ING. Mr. Davis received this national award based on an engineering program he developed for Middle School students.

At Beachwood High School, Norm Althausen was one of two physics teachers in the country appointed to serve as a trainer for the National Board for Professional Teaching Standards. BHS social studies teacher Greg Deegan was named to the Teacher Leadership Team of the national non-profit organization "Facing History and Ourselves." High School culinary instructor Chef Dan Esquivel was named the "Culinary Educator of the Year" by the American Culinary Federation Central Region.

Many faculty members participated in international professional development enrichment programs, including BHS English teacher Loraine Hammack, who studied in China as part of the Indiana University East Asian Studies tour, and technology teacher Craig Alexander, who was selected to participate in the Japan Fulbright Memorial Fund Teacher Program. Fourth grade teacher Karen Tollafeld was a presenter at the annual Ohio Council of Teachers of English and Language Arts Conference. Hilltop technology teacher Beth Blaustein and librarian Karon Lippincott helped to create the content for an online elementary math resource offered by INFOhio, the Information Network for Ohio Schools, with high school librarian Jennifer Schwelik serving as a project facilitator.

Finally, I would be remiss if I did not publicly express our deepest appreciation to our devoted PTO volunteers for their hard work and extraordinary talents. In addition to countless valuable and enriching endeavors taking place throughout our schools, I would like to particularly mention the 2006 PTO Garage Sale, which this year, raised \$20,020 for our schools. We are indebted to our volunteers for the critical role they play in supporting our children.

We will continue to promote our students' performance on standardized, criterion-referenced and state-mandated tests, including those listed in the District Report Card. While we recognize that such tests are but one snapshot of our performance and merely a partial indicator of our success, they compose a widely read and much-publicized account by which many "grade" our schools. Last year at this time, the District's sated goal was that Beachwood students would achieve passing rates of 90% or above in each of the academic areas measured on the District Report Card. Last year's scores indicate just how close we came to achieving that. They constitute a group effort begun at Fairmount Elementary and expanded through the grades at Bryden, Hilltop, Beachwood Middle School and Beachwood High School.

Beachwood City School District

Consistent with national trends, the racial achievement gap continues to pose a challenge for us. Our African-American students are not making academic gains at the same rate as our white students. To help address that achievement gap, the Board of Education and the Beachwood Federation of Teachers have included three new supplemental positions in the newly negotiated master agreement. They are two Differential Achievement Scholar Advisors for Hilltop Elementary School and a District Differential Achievement Committee Chairperson. As we collect and review our data related to racial achievement and identify and support the efforts of our Black scholars, the most critical information will be that gathered from this point forward. Our success as a district hinges directly on the academic performance of ALL of our children.

Yet another district initiative is the implementation of our VIBE program. VIBE stands for Volunteers Involved in Beachwood's Education and represents a comprehensive attempt to coordinate and enhance the volunteer activities of our parents.

In conclusion, please know that as we face new opportunities and challenges this school year, we will commit the necessary resources to address them. By working together as a school community, we have a synergistic strength that promotes our individual and collective accomplishments. We pledge to continue to build on the legacy of success that is Beachwood.

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.

Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the

Beachwood City School District

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 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgeting Basis) and Actual reports actual cash revenues and expenditures (including encumbrances) compared with budget amounts. Unencumbered appropriations terminate at year-end.

Financial Reporting

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented in the financial section of this report and provides an assessment of the School District finances for the fiscal year 2006.

Debt Administration

At June 30, 2006, the District had general obligation bond issues outstanding of \$14,599,982. See Note 14 of the Notes to the Basic Financial Statements.

Under the current Ohio Revised Code, the District's general obligation bonded debt issuances are subject to a legal limitation on both voted and un-voted debt. The limitation is based on 9% and .1% respectively, of the

Beachwood City School District

total assessed value of real and personal property. At June 30, 2006, the District's voted general obligation bonded debt of \$14,599,982 was substantially below the legal limit of \$52,389,603 (voted). In addition, the District had no un-voted debt at June 30, 2006. The District has received an Aa2 rating confirmed from Moody's Investors Service in October 2002.

Cash Management

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

Risk Management

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

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

Long-Term Financial Planning

The District by law, is required to submit for Board approval a five year forecast which delineates projected expenditures, revenues and anticipated timing for new property tax ballot issues. The five year forecast must be approved by the Board of Education on or before October 31st of each school year and must be amended as necessary but no later than May 31st of each school year. School districts are not able to enter into contracts unless the District demonstrates financial ability to pay for the contract over the life of the contract. The District cannot include anticipated revenue through ballot issues as part of its certification of funds process.

Significant Local Economic Events

The District passed 5.9 mill operating levy in May, 2005. The voters passed the levy with an overwhelming 68% approval rate. Passage of this levy will allow the District to continue to provide outstanding educational services to our students. Levy proceeds began collecting in January 2006.

The economic condition and outlook for the community has been challenging, especially considering the economic downturn in the Midwest. The growth in the tax duplicate has been primarily realized due to the continued development of both office and retail commercial property and residential development. The community's tax base is fairly evenly distributed between commercial and residential property. Forty-five percent of the District's valuation is comprised of residential property and fifty-five percent is comprised of commercial or public utility property. Due to changes in laws enacted by the State legislature, the District's personal property tax base will continue to erode as the State has eliminated the tax on inventories at 2% each year until the tax is eliminated without any revenue replacement for schools. The State of Ohio's overall economic outlook is not as bright as the rest of the country as we make our way through economic recovery.

Beachwood City School District

The City of Beachwood has annexed 400 acres from a neighboring community in order to develop a proposed \$500 million, 633-acre corporate complex featuring office space, a retail mall and at least one hotel. The District signed an agreement with the Warrensville Heights School District to share in any future tax revenue.

Beachwood Schools would receive 30% of the tax revenue from all future development. Originally, Warrensville Heights School District was the sole beneficiary of school tax revenues. The District considers the successful negotiation of tax-sharing a major accomplishment that will enhance school revenues in the future. As of the date of this financial statement, it is expected that tax revenue sharing will be forthcoming in the next couple of years. The District is currently in negotiations with the Warrensville Heights School District to determine revenue trigger points and how and when tax revenue will be remitted to Beachwood Schools from Warrensville Heights Schools.

Prospects for The Future

House Bill 920, which was enacted in 1976 by the Ohio legislature, has severely limited schools in their funding initiatives. This law prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of property values. Although the District's total operating millage is 71.8 mills, the effective millage levied and collected is 27.36 and 35.89 respectively, for residential and commercial property.

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

In addition, House Bill 66, which passed in June 2005 completely eliminated personal property taxes on equipment and furniture and fixtures. Schools will be held harmless for a period of five years, beginning with calendar year 2006. After the five-year hold harmless period, Districts will face an uncertain future as this revenue will be phased out over time. Since this tax currently generates \$3.5 million annually, elimination of this tax will negatively impact the District in the future and will force the District to seek levies more frequently.

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 2006 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, 2005. (This was the 18th 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.

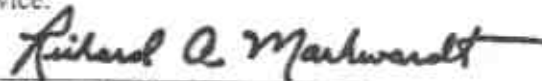
Sincere appreciation is extended to the Board of Education, who continues to strive for excellence in the schools at all levels. The commitment to our students, staff and community begins with them. Without their support, this report would not be possible.

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: Karen Bencin, Assistant Treasurer; April Yuhas, Payroll Coordinator; Barb Taich, Duplicating Coordinator; Kathleen Stroski, Purchasing Agent; and Greg Minotas, Financial Processing Coordinator; who assisted with the development of the Comprehensive Annual Financial Report and the annual audit. The department members have our sincere gratitude for their professional, efficient and dedicated service.



Michele E. Mills,
Finance Director/Treasurer



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

Beachwood City School District

Elected Officials

Board of Education

Mr. David Ostro President

Dr. Scott Peters Vice President

Mrs. Beth Rosenbaum..... Member

Dr. Brian Weiss..... Member

Dr. Alan Rosenthal..... Member

Appointed Officials

Director of Finance/Treasurer

Michele E. Mills

Administration

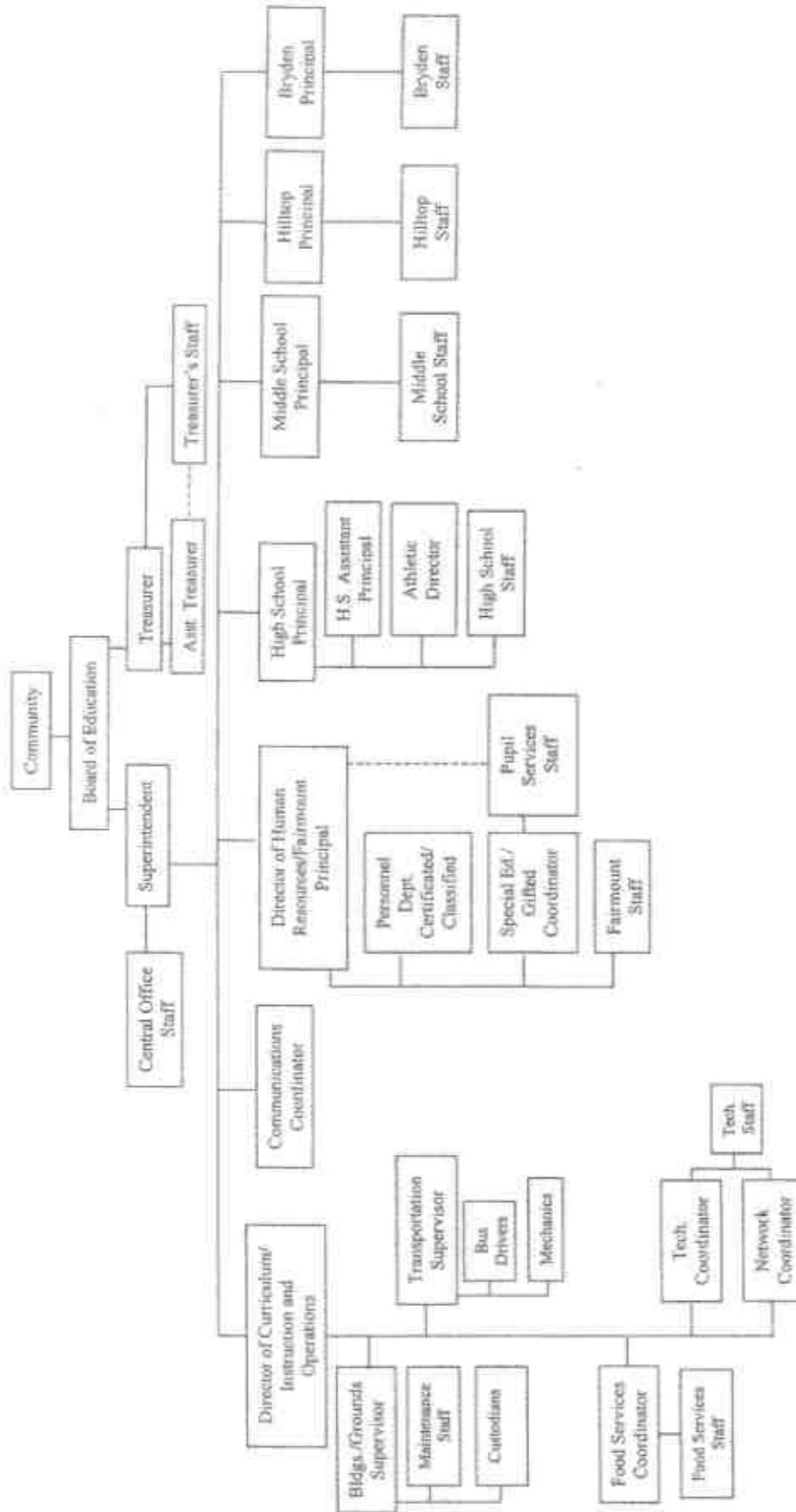
Dr. Richard A. MarkwardtSuperintendent

Dr. Philip Wagner Director of Human Resources

Dr. Ruth Friedman Director of Curriculum/Instruction and Operations

Mrs. Lauren Broderick..... Special Education/Gifted Coordinator

Beachwood City School District Organizational Chart





The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Michele E. Mills

Director of Finance/Treasurer
Beachwood City School District, Ohio

The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date March 17, 2006



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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

To the Board of Education:

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, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General and Consortium funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2006 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

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

Betty Montgomery
Auditor of State

December 29, 2006

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
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, 2006. 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 2006 are as follows

- The District's financial condition substantially improved over 2005 due to the combination of the passage of a 5.9 mill operating levy and a decrease in staffing due to retirements and a reduction in force.
- Total net assets increased \$4,309,671, which represents a 27.1 percent increase from 2005.
- General revenues accounted for \$31,464,705 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,761,150 or 18 percent of total revenues of \$38,225,855.
- Total assets of governmental activities increased by \$6,596,396 as cash increased by \$2,805,443, while capital assets decreased by \$832,340 due to very little activity and purchases of capital equipment and/or building projects and because depreciation expenses exceeded the additions to capital assets. Taxes and other receivables increased by \$4,619,871 due to passage of a 5.9 mill operating levy in May, 2005 which began collecting in January, 2006.
- The District had \$33,916,184 in expenses related to governmental activities; only \$6,761,150 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$31,464,705 were adequate to provide for these programs.
- Among major funds, the general fund had \$29,631,665 in operating revenues and \$27,071,093 in operating expenditures. The general fund's fund balance increased to \$6,187,010 from \$3,688,215.

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.

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

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.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2006?" 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 28. 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 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

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

(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.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2006 compared to 2005:

	Governmental Activities	
	2006	2005
Assets		
Current and Other Assets	\$41,075,264	\$33,646,528
Capital Assets	30,832,628	31,664,968
Total Assets	71,907,892	65,311,496
Liabilities		
Long-Term Liabilities	21,355,168	23,680,373
Other Liabilities	30,341,677	25,729,747
Total Liabilities	51,696,845	49,410,120
Net Assets		
Invested in Capital Assets	12,150,684	10,745,501
Net of Debt		
Restricted	2,491,224	2,599,707
Unrestricted (Deficit)	5,569,139	2,556,168
Total Net Assets	\$20,211,047	\$15,901,376

Total assets increased \$6,596,396. Equity in pooled cash and cash equivalents increased \$2,805,443. Taxes receivable increased \$4,489,620.

Net assets of the District's governmental activities increased by \$4,309,671. The surplus in unrestricted net assets increased by \$3,012,971.

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

Table 2 shows the changes in net assets for fiscal year 2006 with revenue and expense comparisons to fiscal year 2005.

	Governmental Activities 2006	Governmental Activities 2005
Program Revenues:		
Charges for Services	\$3,917,551	\$4,383,848
Operating Grants	2,821,241	2,169,613
Capital Grants	22,358	7,032
General Revenue:		
Property Taxes	28,281,357	25,593,578
Grants and Entitlements	2,772,082	3,916,894
Investments	328,084	139,814
Other	83,182	32,150
Total Revenue	\$38,225,855	\$36,242,929
Program Expenses:		
Instruction:		
Regular	\$10,648,385	\$11,054,568
Special	4,883,454	5,326,130
Vocational	1,083,365	989,488
Adult/Continuing	187,370	182,946
Other	747,592	542,440
Support Services:		
Pupil	2,683,123	3,003,113
Instructional Staff	996,497	792,912
Board of Education	361,428	392,751
Administration	2,291,977	2,307,273
Fiscal	821,105	784,491
Business	464,096	499,751
Operation of Maintenance and Plant	3,553,721	3,474,546
Pupil Transportation	1,795,090	1,787,938
Central	891,381	856,973
Operation of Non-Instructional Services		
Services	823,543	739,588
Extra-curricular Activities	885,704	942,705
Interest and Fiscal Charges	798,353	863,055
Total Expenses	\$33,916,184	\$34,540,668
Increase (Decrease) in Net Assets	\$4,309,671	\$1,702,261
Beginning Net Assets	15,901,376	14,199,115
Ending Net Assets	<u>20,211,047</u>	<u>15,901,376</u>

Beachwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
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 74 percent of revenues for governmental activities for the District in fiscal year 2006.

Instruction comprises 51.7 percent of governmental program expenses. Interest expense was 2.3 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 with comparisons to 2005.

	Table 3 – Governmental Activities			
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
	Instruction	\$17,550,166	\$13,044,554	\$18,095,572
Support Services:				
Pupil and Instructional Staff	3,679,620	3,085,316	3,796,025	2,532,995
Board of Education, Administration, Fiscal and Business	3,938,606	3,889,976	3,984,266	3,859,559
Operation and Maintenance of Plant	3,553,721	3,274,966	3,474,546	3,223,942
Pupil Transportation	1,795,090	1,239,458	1,787,938	1,222,510
Central	891,381	825,410	856,973	794,608
Operation of Non-Instructional Services	823,543	189,723	739,588	152,029
Extracurricular Activities	885,704	807,278	942,705	849,856
Interest and Fiscal Charges/Other	798,353	798,353	863,055	863,055
Total Expenses	\$33,916,184	\$27,155,034	\$34,540,668	\$27,980,175

The dependence upon tax revenues for governmental activities is apparent. Over 74 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, 2006
Unaudited

The School District's Funds

Information about the District's major funds starts on page 28. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$38,239,664 and expenditures of \$35,865,010. The net change in fund balance for the year was most significant in the general fund, an increase of \$3,688,215. This increase is due to the passage of a 5.9 mill operating levy which began collecting in January, 2006.

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 2006, 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, actual revenue was \$885,538, more than the final budget estimates of \$29,119,206, due primarily to increases in tax revenues.

There were two amendments to the original appropriations during fiscal year 2006.

The District's ending unobligated cash balance was \$1,297,850 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$30,832,628 invested in land, buildings, equipment, buses and other vehicles, all in governmental activities. See Note 8 to the basic financial statements for more detailed information on capital asset activity. Table 4 shows fiscal 2006 balances compared to 2005:

Table 4 – Capital Assets at June 30th Net of Depreciation

	Governmental Activities	
	2006	2005
Land	\$831,499	\$831,499
Land Improvements	1,817,985	1,852,441
Buildings and Improvements	26,728,336	27,520,791
Furniture and Equipment	997,434	987,639
Buses and Vehicles	547,374	472,598
Totals	<u>\$30,832,628</u>	<u>\$31,664,968</u>

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

The primary decrease in capital assets is due to depreciation expenses exceeding additions to capital assets.

For fiscal year 2006, a change in Ohio law required school districts to set aside three percent of certain revenues for capital improvements and textbooks, respectively. For fiscal year 2006, this amounted to \$235,882 for each set aside. For fiscal year 2006, the District had qualifying disbursements or offsets exceeding these requirements. For fiscal year 2006, the set aside will remain three percent. The District has budgeted to meet these requirements.

Debt

At June 30, 2006, the District had \$18,034,982 in bonds and notes outstanding, \$1,859,958 due within one year. Table 5 summarizes bonds and notes outstanding. See Note 14 to the basic financial statements for more detailed information on long-term debt activity.

Table 5 - Outstanding Debt, at Year End

	Governmental Activities 2006	Governmental Activities 2005
General Obligation Bonds		
2000 Tax Anticipation Notes	\$3,435,000	\$4,025,000
2002 School Improvement Premium	402,731	427,902
2002 Un-amortized Accounting Gain	157,430	166,691
2002 School Improvement Bonds	<u>14,442,552</u>	<u>15,893,331</u>
Total	<u>\$18,437,713</u>	<u>\$20,512,924</u>

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

At June 30, 2006, the District's overall legal debt margin was \$52,389,603 with an un-voted debt margin of \$744,329. The District maintains an Aa2 bond rating.

For the Future

The Beachwood City School District closed out its fiscal year on June 30, 2006 on a positive note as the District as the community overwhelming passed a 5.9 mill operating levy, concluded negotiations successfully with the Beachwood Federation of Teachers (BFT) and the classified (non-teaching) staff members through August, 2009.

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

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

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, 2006

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 7,008,794
Cash and Cash Equivalents in Segregated Accounts	134,873
Materials and Supplies Inventory	101,940
Accrued Interest Receivable	18,394
Accounts Receivable	254,520
Property Taxes Receivable	33,399,313
Noncurrent Assets:	
Deferred Charges	157,430
Non-Depreciable Capital Assets	831,499
Depreciable Capital Assets, net	30,001,129
<i>Total Assets</i>	<i>71,907,892</i>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	49,739
Accrued Wages and Benefits	2,584,901
Intergovernmental Payable	393,414
Undistributed Monies	9,630
Matured Bonds Payable	86,363
Unearned Revenue	27,217,630
Long-Term Liabilities:	
Due Within One Year	2,243,820
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due in More Than One Year	19,111,348
<i>Total Liabilities</i>	<i>51,696,845</i>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	12,150,684
Restricted for Debt Service	1,814,506
Restricted for Capital Outlay	351,756
Restricted for Other Purposes	190,089
Restricted for Set Asides	134,873
Unrestricted	5,569,139
<i>Total Net Assets</i>	<i>\$ 20,211,047</i>

See Accompanying Notes to Basic Financial Statements

Beachwood City Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2006

Program Revenues

	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Instruction:				
Regular	\$ 10,648,385	\$ 331,181	\$ 611,687	\$ -
Special	4,883,454	1,363,859	838,165	
Vocational	1,083,365	379,573	351,695	1,097
Adult/Continuing	187,370	187,370		
Other	747,592	440,985		
Support Services:				
Pupils	2,683,123	379,618	207,123	
Instructional Staff	996,497	515	7,048	
Board of Education	361,428			
Administration	2,291,977		7,389	
Fiscal	821,105	39,238		
Business	464,096	2,003		
Operation and Maintenance of Plant	3,553,721	278,755		
Pupil Transportation	1,795,090	50,308	499,063	6,261
Central	891,381	26,035	24,936	15,000
Operation of Non-Instructional Services:				
Food Service Operations	580,769	357,553	34,857	
Community Services	242,774	2,382	239,028	
Extracurricular Activities	885,704	78,176	250	
Debt Service:				
Issuance Costs	9,261			
Interest and Fiscal Charges	789,092			
Total Governmental Activities	<u>\$ 33,916,184</u>	<u>\$ 3,917,551</u>	<u>\$ 2,821,241</u>	<u>\$ 22,358</u>

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to Basic Financial Statements

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

**Total
Governmental
Activities**

\$ (9,705,517)
(2,681,430)
(351,000)
-
(306,607)
-
(2,096,382)
(988,934)
(361,428)
(2,284,588)
(781,867)
(462,093)
(3,274,966)
(1,239,458)
(825,410)
-
(188,359)
(1,364)
(807,278)
-
(9,261)
(789,092)

\$ (27,155,034)

2,772,082
328,084
83,182
28,281,357

31,464,705

4,309,671

15,901,376

\$ 20,211,047

Beachwood City Schools
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 3,817,247	\$ 1,341,355	\$ 57,114
Cash and Cash Equivalents in Segregated Accounts	134,873		
Materials and Supplies Inventory	96,519		
Accrued Interest Receivable	18,394		
Accounts Receivable	6,780		
Interfund Receivable	799,348		
Property Taxes Receivable	<u>30,000,744</u>	<u>2,675,321</u>	<u>723,248</u>
<i>Total Assets</i>	<u>\$ 34,873,905</u>	<u>\$ 4,016,676</u>	<u>\$ 780,362</u>
LIABILITIES:			
Accounts Payable	35,284		682
Accrued Wages and Benefits	2,186,302		
Interfund Payable			
Intergovernmental Payable	331,695		
Undistributed Monies			
Unearned Revenue	26,133,614	2,192,122	633,350
General Obligation Bonds Payable		<u>86,363</u>	
<i>Total Liabilities</i>	<u>28,686,895</u>	<u>2,278,485</u>	<u>634,032</u>
Equity:			
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	263,755		20,201
Reserved for Inventory	96,519		
Reserved for Property Taxes	3,557,380	464,275	85,700
Reserved for Budget Stabilization	134,873		
Unreserved, Undesignated, Reported in:			
General Fund	2,134,483		
Special Revenue Funds			
Debt Service Funds		1,273,916	
Capital Projects Funds			<u>40,429</u>
<i>Total Fund Balances</i>	<u>6,187,010</u>	<u>1,738,191</u>	<u>146,330</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 34,873,905</u>	<u>\$ 4,016,676</u>	<u>\$ 780,362</u>

See Accompanying Notes to Basic Financial Statements

Consortium Fund	All Other Governmental Funds	Total Governmental Funds		
			Total Governmental Fund Balances	\$8,754,415
\$ 1,144,854	\$ 568,362	\$ 6,928,932	Amounts reported for governmental activities in the Statement of Net Assets are different because:	
		134,873		
	5,421	101,940		
		18,394	Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	
245,015	2,725	254,520	Nondepreciable capital assets	831,499
		799,348	Depreciable capital assets	30,001,129
		33,399,313		
<u>\$ 1,389,869</u>	<u>\$ 576,508</u>	<u>\$ 41,637,320</u>	Deferred charges (unamortized bond issuance costs) are not reported in the funds as an asset:	157,430
			Deferred revenue, including delinquent property tax revenues, are not receivable in the current period and therefore, are not reported in the funds:	
909	12,864	49,739	Unearned revenue	1,741,880
306,990	91,609	2,584,901		
799,348		799,348	Long term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
41,009	20,710	393,414	Due within one year	(2,243,820)
	9,630	9,630	Due within more than one year	(19,111,348)
	424	28,959,510		
		86,363	Internal service funds are used by management to charge the vision expenses in the governmental activities in the Statement of Net Assets	79,862
<u>1,148,256</u>	<u>135,237</u>	<u>32,882,905</u>	Net Assets of Governmental Activities	<u>\$20,211,047</u>
3,675	17,691	305,322		
		96,519		
		4,107,355		
		134,873		
		2,134,483		
237,938	337,661	575,599		
		1,273,916		
	85,919	126,348		
<u>241,613</u>	<u>441,271</u>	<u>8,754,415</u>		
<u>\$ 1,389,869</u>	<u>\$ 576,508</u>	<u>\$ 41,637,320</u>		

Beachwood City Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	<u>General</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Consortium Fund</u>	<u>All Other Governmental Funds</u>
REVENUES:					
Property Taxes	\$ 24,662,928	\$ 2,632,372	\$ 512,638	\$ -	\$ -
Intergovernmental	3,822,381	259,372	50,269	668,141	797,048
Interest	333,211		164		5,284
Decrease in Fair Value of Investments	(6,460)				
Tuition and Fees	308,929			1,986,744	442,102
Rent	277,355				
Extracurricular Activities	188				78,176
Gifts and Donations	724				17,646
Customer Sales and Services	145,960			23,445	634,284
Miscellaneous	86,449				2,091
Total Revenues	<u>29,631,665</u>	<u>2,891,744</u>	<u>563,071</u>	<u>2,678,330</u>	<u>1,976,631</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	9,703,373				184,796
Special	3,634,604			1,082,000	159,351
Vocational	384,271			691,673	2,586
Adult/Continuing					186,275
Other	287,207				415,000
Support Services:					
Pupils	1,425,592			903,414	294,977
Instructional Staff	872,040				68,526
Board of Education	338,636				
Administration	2,359,212				7,977
Fiscal	806,723				1,807
Business	485,869				
Operation and Maintenance of Plant	3,212,331		270,535		
Pupil Transportation	1,661,480		123,960		
Central	1,204,484		9,209	1,243	24,916
Operation of Non-Instructional Services:					
Food Service Operations					526,561
Community Services					239,021
Extracurricular Activities	695,271				154,929
Capital Outlay:					
Building Improvement Services					77,692
Other Facilities Acquisition and Construction			219,958		
Debt Service:					
Principal		2,050,000			
Interest		814,303			
Total Expenditures	<u>27,071,093</u>	<u>2,864,303</u>	<u>623,662</u>	<u>2,678,330</u>	<u>2,344,414</u>
Excess of Revenues Over (Under) Expenditures	<u>2,560,572</u>	<u>27,441</u>	<u>(60,591)</u>	<u>0</u>	<u>(367,783)</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	3,214		50,000		230,000
Proceeds from Sale of Capital Assets	11,325				
Inception of Capital Lease	203,684				
Transfers Out	(280,000)				(3,214)
Total Other Financing Sources and Uses	<u>(61,777)</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>226,786</u>
Net Change in Fund Balances	2,498,795	27,441	(10,591)	0	(140,997)
Fund Balance (Deficit) at Beginning of Year	<u>3,688,215</u>	<u>1,710,750</u>	<u>156,921</u>	<u>241,613</u>	<u>582,268</u>
Fund Balance (Deficit) at End of Year	<u>\$ 6,187,010</u>	<u>\$ 1,738,191</u>	<u>\$ 146,330</u>	<u>\$ 241,613</u>	<u>\$ 441,271</u>

See Accompanying Notes to the Basic Financial Statements

<u>Total Governmental Funds</u>		
\$ 27,807,938	Net change in Fund Balances - Total Governmental Funds	\$2,374,648
5,597,211		
338,659	Amounts reported for governmental activities in the Statement	
(6,460)	of Activities are different because:	
2,737,775		
277,355	Governmental Funds report capital outlays as expenditures.	
78,364	However in the Statement of Activities the cost of those assets	
18,370	is allocated over the estimated useful lives of the assets as	
803,689	depreciation expense. This is the amount by which capital outlays	
88,540	exceeded depreciation in the current period.	
<u>37,741,441</u>	Capital Outlay	807,561
	Depreciation	<u>(1,639,901)</u>
	Total	(832,340)
9,888,169	Revenues in the Statement of Activities that do not provide current	
4,875,955	financial resources are not reported as revenues in the funds:	
1,078,530	Property Taxes	473,419
186,275		
702,207	The issuance of long-term debt (bonds) provides current financial	
2,623,983	resources to governmental funds, while the repayment of the principal	
940,566	of long-term debt consumes the current financial resources of governmental	
338,636	funds. Neither transaction, however, has any effect on net assets. Also	
2,367,189	governmental funds report the effect of issuance costs, premiums, and similar	
808,530	items when debt is first issued, whereas these amounts are deferred and	
485,869	amortized in the Statement of Activities. This amount is the net effect	
3,482,866	of these differences in the treatment of long-term debt and related items.	2,237,523
1,785,440	The internal service funds are used by management and are not reported in	
1,239,852	the government-wide Statements of Activities. Governmental fund	
526,561	expenditures and the related internal service fund revenues are eliminated	
239,021	The net revenue (expense) of the internal service fund is allocated among	
850,200	governmental activities.	(22,000)
77,692	Compensated absences reported in the Statement of activities, do not require	
219,958	the use of current financial resources and therefore, are not reported as	
	expenditures in governmental funds.	<u>78,421</u>
2,050,000	Changes in Net Assets of Governmental Activities	\$ <u>4,309,671</u>
814,303		
<u>35,581,802</u>		
<u>2,159,639</u>		
283,214		
11,325		
203,684		
<u>(283,214)</u>		
<u>215,009</u>		
2,374,648		
<u>6,379,767</u>		
<u>\$ 8,754,415</u>		

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 23,425,373	\$ 24,215,354	\$ 25,156,672	\$ 941,318
Intergovernmental	4,211,075	3,873,841	3,822,381	(51,460)
Interest	106,493	290,000	319,043	29,043
Tuition and Fees	230,625	226,573	199,095	(27,478)
Rent	253,840	248,251	274,619	26,368
Extracurricular Activities	4	0	188	188
Gifts and Donations	2,015	2,000	724	(1,276)
Customer Sales and Services	217,545	187,575	145,960	(41,615)
Miscellaneous	77,363	75,612	86,062	10,450
Total Revenues	<u>28,524,333</u>	<u>29,119,206</u>	<u>30,004,744</u>	<u>885,538</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	10,049,050	10,000,498	9,904,166	96,332
Special	3,809,835	3,788,829	3,754,906	33,923
Vocational	403,383	414,134	397,567	16,567
Other	269,028	286,300	265,149	21,151
Support Services:				
Pupils	1,505,953	1,508,696	1,484,241	24,455
Instructional Staff	872,829	875,349	860,245	15,104
Board of Education	372,235	379,962	366,868	13,094
Administration	2,354,130	2,361,760	2,320,188	41,572
Fiscal	817,968	822,328	806,176	16,152
Business	520,301	523,791	512,799	10,992
Operation and Maintenance of Plant	3,312,348	3,281,241	3,264,591	16,650
Pupil Transportation	1,705,648	1,706,989	1,681,056	25,933
Central	1,047,690	1,065,188	1,032,585	32,603
Extracurricular Activities:				
Academic Oriented Activities	104,023	106,033	102,523	3,510
Sport Oriented Activities	573,107	570,594	564,844	5,750
School and Public Service Co-Curricular Activities	27,296	39,601	26,902	12,699
Total Expenditures	<u>27,744,824</u>	<u>27,731,293</u>	<u>27,344,806</u>	<u>386,487</u>
Excess of Revenues Over (Under) Expenditures	<u>779,509</u>	<u>1,387,913</u>	<u>2,659,938</u>	<u>1,272,025</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	65	3,214	3,214	0
Proceeds from Sale of Capital Assets	730	500	11,325	10,825
Refund of Prior Year Expenditures	2,531	2,500	1,500	(1,000)
Transfers Out	(286,125)	(298,000)	(282,000)	16,000
Total Other Financing Sources and Uses	<u>(282,799)</u>	<u>(291,786)</u>	<u>(265,961)</u>	<u>25,825</u>
Net Change in Fund Balances	496,710	1,096,127	2,393,977	1,297,850
Fund Balance (Deficit) at Beginning of Year	935,259	935,259	935,259	0
Prior Year Encumbrances Appropriated	322,889	322,889	322,889	0
Fund Balance (Deficit) at End of Year	<u>\$ 1,754,858</u>	<u>\$ 2,354,275</u>	<u>\$ 3,652,125</u>	<u>\$ 1,297,850</u>

See Accompanying Notes to the 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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 672,146	\$ 672,146	\$ 668,141	\$ (4,005)
Tuition and Fees	1,768,000	1,768,000	1,872,402	104,402
Customer Sales and Services	5,000	5,000	23,445	18,445
Total Revenues	<u>2,445,146</u>	<u>2,445,146</u>	<u>2,563,988</u>	<u>118,842</u>
EXPENDITURES:				
Current:				
Instruction:				
Special	1,293,729	1,136,757	1,068,356	68,401
Vocational	714,843	640,263	590,314	49,949
Support Services:				
Pupils	1,102,328	966,883	910,298	56,585
Central	1,505	1,440	1,243	197
Total Expenditures	<u>3,112,405</u>	<u>2,745,343</u>	<u>2,570,211</u>	<u>175,132</u>
Excess of Revenues Over (Under) Expenditures	<u>(667,259)</u>	<u>(300,197)</u>	<u>(6,223)</u>	<u>293,974</u>
Net Change in Fund Balances	(667,259)	(300,197)	(6,223)	293,974
Fund Balance (Deficit) at Beginning of Year	1,136,061	1,136,061	1,136,061	0
Prior Year Encumbrances Appropriated	10,430	10,430	10,430	0
Fund Balance (Deficit) at End of Year	<u>\$ 479,232</u>	<u>\$ 846,294</u>	<u>\$ 1,140,268</u>	<u>\$ 293,974</u>

See Accompanying Notes to Basic Financial Statements

Beachwood City Schools
Statement of Fund Net Assets
Proprietary Fund
June 30, 2006

	Governmental Activities - Internal Service Funds
	<u> </u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 79,862
<i>Total Current Assets</i>	<u> 79,862</u>
<i>Total Assets</i>	<u><u> 79,862</u></u>
NET ASSETS:	
Unrestricted	<u> 79,862</u>
<i>Total Net Assets</i>	<u><u> \$ 79,862</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, 2006

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Other Revenues	\$ 60,000
<i>Total Operating Revenues</i>	60,000
OPERATING EXPENSES:	
Claims	82,000
<i>Total Operating Expenses</i>	82,000
<i>Operating Income (Loss)</i>	(22,000)
<i>Net Change in Net Assets</i>	(22,000)
<i>Net Assets at Beginning of Year</i>	101,862
<i>Net Assets at End of Year</i>	\$ 79,862

See Accompanying Notes to the Basic Financial Statements

Beachwood City Schools
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2006

	<u>Governmental Activities - Internal Service Fund</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash received from self insurance premiums	\$ 60,000
Cash payments for other expenses	<u>(82,000)</u>
Net cash provided by (used for) Operating Activities	<u>(22,000)</u>
Net decrease in Cash and Cash Equivalents	<u>(22,000)</u>
Cash and Cash Equivalents - Beginning of Year	<u>101,862</u>
Cash and Cash Equivalents - End of Year	<u><u>\$79,862</u></u>
Reconciliation of Operating (loss) to Net Cash (used by) Operating activities:	
Operating (Loss)	<u>(22,000)</u>
Net cash (used for) operating activities	<u><u>\$ (22,000)</u></u>

See Accompanying Note to the Basic Financial Statements

Beachwood City Schools
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2006

	<u>Agency Fund</u>
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 238,410
<i>Total Current Assets</i>	<u>238,410</u>
<i>Total Assets</i>	<u><u>238,410</u></u>
LIABILITIES:	
Current Liabilities:	
Undistributed Monies	174,764
Due to Students	<u>63,646</u>
<i>Total Current Liabilities</i>	<u>238,410</u>
<i>Total Liabilities</i>	<u><u>\$ 238,410</u></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, 2006

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 school 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 162 certificated teaching personnel, 142 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 2006 fiscal year was 1,576. The District operates three elementary schools, a middle school, and a high school.

Reporting Entity

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

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are presented respectively in Note 16 and Note 10B to the basic 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, 2006

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. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

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

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. Fund Accounting

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

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

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

Bond Retirement Fund - The 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.

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

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

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

C. Measurement Focus

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

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

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

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

D. Basis of Accounting

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. See Note 6. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue Unearned 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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

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

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

Encumbrances

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

Lapsing of Appropriations

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

F. Cash and Investments

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

During fiscal year 2006, investments were limited to demand deposits, certificates of deposit, Victory Federal Money Market, federal agency discount notes, treasury bills and STAR Ohio.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

Beachwood City School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2006. 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, 2006.

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 2006 amounted to \$333,211, which includes \$143,735 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, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

H. Inventory

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. By Statute, money must be set aside to create a reserve for budget stabilization. Restricted assets in the General Fund include the amount required by State statute to be set aside for budget stabilization. See Note 15 for additional information regarding set-asides.

J. Capital Assets

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

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

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

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

K. Inter-fund Balances

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

L. Compensated Absences

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Assets

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

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

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

P. Operating Revenues and Expenses

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

Q. Inter-fund Transactions

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

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

R. Extraordinary and Special Items

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

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.

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 3 – Change In Accounting Principles/Compliance

A. Changes in Accounting Principles

For fiscal year 2006, the School District implemented GASB Statement No. 42 "Accounting and Financial Reporting Impairment of Capital Assets and for Insurance Recoveries". GASB Statement No. 44 "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46 "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirement for insurance recoveries.

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that state and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of these GASB Statements did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

B. Compliance

For fiscal year 2006, the School District had the following noncompliance citations:

Ohio Revised Code Section 5705.10 provides that money paid into any fund shall be used only for the purpose which such fund was established. The School District had various funds throughout the year which had a negative fund balances. All negative fund balances were corrected by June 30, 2006.

On March 31, 2006, the Termination Benefits Special Revenue Fund had expenditures plus encumbrances exceeding in the amount of \$21,272 contrary to 5705.41 (B) of the Ohio Revised Code. This variance was corrected by year end.

Ohio Revised Code requires public money to be deposited within 24 hours of collection. The District had several instances of noncompliance in the area of daycare receipts. The District is addressing this issue.

C. Deficit Fund Balances

Fund equity/retained earnings at June 30, 2006 included the following individual fund deficits:

<u>Special Revenue:</u>	
Food Service	(\$4,014)
IDEA B	(\$808)

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

The deficit in the Food Service Fund is due increases in salary and benefit costs which have not been offset by increased prices for lunches (they have remained flat of the last several fiscal years). The District is offering healthier meal options in 2007 which will lead to increased participation.

The deficit in the IDEA B grant is due to timing differences.

Note 4 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Consortium</u>
GAAP Basis	\$2,498,795	\$0
Net adjustments for revenue accruals	170,895	(114,342)
Net adjustments for expenditure accruals	19,117	112,702
Encumbrances Outstanding at Year End (Budget Basis)	(294,830)	(4,583)
Budget Basis	<u>\$2,393,977</u>	<u>\$(6,223)</u>

Note 5 - Deposits and Investments

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements,

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

Cash on Hand

At fiscal year end, the School District had \$5,200 un-deposited 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 \$2,798,116. Based on the criteria described in GASB 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2006, \$2,804,576 of the District’s bank balance of \$3,718,529 was exposed to custodial risk as discussed below, while \$321,060 was covered by Federal Deposit Insurance Corporation. 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.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

Investments

As of June 30, 2006, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Federal Home Loan Mortgage Corp. Disc notes	\$997,435	07/19/06
Federal Home Loan Mortgage Corp. Disc notes	990,008	11/15/06
Star Ohio	2,584,771	33 days
Total	\$4,572,214	

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District’s policy requires that operating funds be invested primarily in short-term

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investments maturing within five years from the date of purchase and that the School District's Investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Both the Federal Home Loan Mortgage Discount Notes and the Federal National Mortgage Association bonds carry a rating of AAA by Standard & Poor's and STAROhio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Discount Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer of qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's investments in the Federal Home Loan Mortgage Discount Notes represents 43.5%, with STAR Ohio representing 56.4% of the School District's total investments.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the school district. Real property tax revenue received in calendar year 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Beachwood City School District
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Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 become a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The Cuyahoga County Treasurer collects property taxes on behalf of the District. The County Auditors periodically advance to the School District its portion of the taxes collected. These tax “advances” are based on three-year historical cash flow collection rates and occur eight times annually. Second-half real property tax payments collected by the Counties by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which became measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount available as an advance at June 30 were levied to finance current fiscal year operations, which is recognized as revenue. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance at June 30, 2006 was \$3,557,380 for the General Fund, \$464,275 in the Bond Retirement Fund, and \$85,700 in the Permanent Improvement Fund.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$329,378,280	44.54%	\$329,753,300	44.30%
Industrial/Commercial	342,825,810	46.36	349,916,770	47.01
Public Utility	14,763,570	2.00	13,661,700	1.84
Tangible Personal	52,508,168	7.10	50,996,952	6.85
Total Assessed Value	<u>\$739,475,828</u>	<u>100.00%</u>	<u>\$744,328,722</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$77.60		\$83.50	

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Note 7 - Receivables

Receivables at June 30, 2006, 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.

Note 8 - Capital Assets

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

	<u>Balance at 6/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/06</u>
Governmental Activities Capital Assets, not being depreciated:				
Land	\$831,499	\$0	\$0	\$831,499
Capital Assets, being depreciated:				
Land Improvements	2,589,792	53,700	0	2,643,492
Buildings and Buildings Improvements	38,062,465	243,950	119,300	38,187,115
Vehicles	1,603,528	204,759	171,187	1,637,100
Equipment	4,814,590	373,186	237,748	4,950,028
Totals at Historical Cost	<u>47,070,375</u>	<u>875,595</u>	<u>528,235</u>	<u>47,417,735</u>
Less Accumulated Depreciation:				
Land Improvements	737,351	88,156	0	825,507
Buildings and Building Improvements	10,541,674	982,720	65,615	11,458,779
Vehicles	1,130,930	124,934	166,138	1,089,726
Equipment	3,826,951	444,091	228,448	4,042,594
Total Accumulated Depreciation	<u>16,236,906</u>	<u>1,639,901</u>	<u>460,201</u>	<u>17,416,606</u>
Total Capital Assets, being Depreciated, Net	<u>30,833,469</u>	<u>(764,306)</u>	<u>68,034</u>	<u>30,001,129</u>
Governmental Activities Capital Assets, Net	<u><u>\$31,664,968</u></u>	<u><u>(\$764,306)</u></u>	<u><u>\$68,034</u></u>	<u><u>\$30,832,628</u></u>

Beachwood City School District
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$837,729
Special	42,505
Adult	1,025
Vocational	18,453
Other	15,878
Support Services:	
Pupil	13,785
Instructional Staff	65,723
Board of Education	22,844
Administration	25,800
Fiscal	4,472
Business	7,943
Operation and Maintenance of Plant	129,733
Pupil Transportation	130,977
Central	232,003
Extra-curricular activities	33,756
Food service operations	51,274
Community	6,001
Total Depreciation Expense	\$1,639,901

Note 9 – Inter-fund Transactions

As of June 30, 2006, on the fund financial statements, the Consortium fund owed the General Fund \$799,348.

During the year ended June 30, 2006, the General Fund transferred \$280,000 to Other Non-major Governmental Funds. The transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2006, the School District contracted with Indiana Insurance for property, general liability insurance and boiler and machinery coverage in the amounts of \$55,822,362, \$2,000,000, and \$30,000,000 respectively. The deductible varies from \$1,000 to \$5,000.

Umbrella Liability insurance and Excess Umbrella Liability insurance are covered by Indiana Insurance and Crum & Forster with a \$10,000,000 single occurrence limit on both policies and no deductibles unless a claim doesn't fall under an underlying policy which would create the need for a \$10,000 self insured retainer. Vehicles are also covered by Indiana Insurance and have a \$1,000 deductible for collision. Automobile liability has

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a \$1,000,000 combined single limit, \$5,000 medical payments, and \$50,000 uninsured motorists. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

B. Worker's Compensation

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

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

C. Employee Medical Benefits

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

The School District is self insured for vision claims of District employees and their covered dependents. Under the program, the School District is obligated for claim payments. During fiscal year 2006, total claims expense of \$82,000 was recognized, which represents actual claims processed and paid as of June 30, 2006. Individual funds are charged for medical expenses based on an estimate of total cost for the School District as prepared by the plan administrator, and are recorded as revenues of the Internal Service Fund. Changes for the aggregate liability for claims for the current and past fiscal years are as follows:

	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2004	\$0	\$88,632	\$88,632	\$0
2005	\$0	\$74,319	\$74,319	\$0
2006	\$0	\$82,000	\$82,000	\$0

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 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, 2006, 2005, and 2004 were \$610,007, \$650,581, and \$599,637, respectively; 89 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

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, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service

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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 of 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, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,601,322, \$1,656,428, and \$1,726,953, respectively; 95 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$23,418.42 made by the School District and \$50,916.32 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, 2006, two members of the Board of Education have selected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 – Post-employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and

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the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$123,179 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$240,594.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

Note 13 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty days of vacation per year, depending upon length of service. Vacation days are credited to classified employees

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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 do not earn vacation time.

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

B. Health Care Benefits

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

Note 14 – Long-Term Obligations

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

	Principal Outstanding <u>06/30/05</u>	Additions	Reduction	Principal Outstanding <u>06/30/06</u>	Amounts Due in One Year
Governmental Activities					
Long-Term Notes Payable					
2000 Tax Anticipation Notes 4.8%- 5.3%	\$4,025,000	\$0	\$590,000	\$3,435,000	\$620,000
Total Long-Term Notes Payable	<u>4,025,000</u>	<u>0</u>	<u>590,000</u>	<u>3,435,000</u>	<u>620,000</u>
General Obligation Bonds					
2002 School Improvement Premium	427,902	0	25,171	402,731	25,171
2002 Unamortized Accounting Gain	166,691	0	9,261	157,430	9,261
2002 School Improvement 2.0%- 5.25%	15,893,331	0	1,450,779	14,442,552	1,230,697
Total General Obligation Bonds	<u>16,487,924</u>	<u>0</u>	<u>1,485,211</u>	<u>15,002,713</u>	<u>1,265,129</u>
Capital Lease	388,021	203,684	375,257	216,448	148,632
Compensated Absences Payable	2,779,428	206,050	284,471	2,701,007	210,059
Total Governmental Long-Term Liabilities	<u>3,167,449</u>	<u>409,734</u>	<u>659,728</u>	<u>2,917,455</u>	<u>358,691</u>
Total Long-Term Liabilities	<u>\$23,680,373</u>	<u>\$409,734</u>	<u>\$2,734,939</u>	<u>\$21,355,168</u>	<u>\$2,243,820</u>

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Long-Term Tax Anticipation Notes 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 On May 1, 1991, the School District issued \$6,000,000 general obligation bonds with an interest rate of 4.8-7.05%, maturity date on December 1, 2006 for the purpose of school improvement. These bonds were advanced refunded and re-issued along with the new general obligation bonds that were issued on November 1, 2002. The District issued \$18,814,982 general obligation bonds with an interest rate of 2.0-5.25%, maturity date December 1, 2022. A portion of the general obligation bond proceeds were used to refund \$3,065,000 of the 1991 various improvement bonds.

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

Capital Leases During fiscal year 2004, the District entered into a capital lease for computers in the amount of \$583,199 at an interest rate of 5.33%. During fiscal year 2005, the District entered into a capital lease for computers in the amount of \$268,329 at an interest rate of 3.18%. During fiscal year 2006, the District entered into a capital lease for computers in the amount of \$203,684 at an interest rate of 2.90%. 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.

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, 2006.

Fiscal Year Beginning June 30	Governmental Activities		
	General Fund	Building	Total
2007	\$159,301	\$0	\$159,301
2008	71,939	0	71,939
Total Minimum Lease Payments	\$231,240	\$0	\$231,240
Less Amount Representing Interest	(14,792)	0	(14,792)
Present Value of Lease Payments	<u>\$216,448</u>	<u>0</u>	<u>\$216,448</u>
Capital Assets at Cost:	\$686,286	\$583,199	\$1,269,485
Less: Accumulated Depreciation	(319,487)	(349,919)	(669,406)
Net Book Value	<u>\$366,799</u>	<u>\$233,280</u>	<u>\$600,079</u>

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The premium on 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 \$52,389,603 with an un-voted debt margin of \$744,329 at June 30, 2006.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2006, were as follows:

Fiscal Year Ending	Long-Term Notes Payable		General Obligation Bonds		Capital Lease		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30, 2006								
2007	\$620,000	\$162,985	\$1,239,998	\$846,677	\$148,632	\$10,669	\$2,008,630	\$1,020,331
2008	650,000	130,438	399,984	833,816	67,816	4,123	1,117,800	968,377
2009	685,000	95,890	645,000	579,124	0	0	1,330,000	675,014
2010	720,000	59,180	665,000	558,478	0	0	1,385,000	617,658
2011	760,000	20,140	690,000	535,258	0	0	1,450,000	555,398
2012-2016	0	0	3,850,000	2,253,944	0	0	3,850,000	2,253,944
2017-2022	0	0	7,110,000	1,409,155	0	0	7,110,000	1,409,155
Total	<u>\$3,435,000</u>	<u>\$468,633</u>	<u>\$14,599,982</u>	<u>\$7,016,452</u>	<u>\$216,448</u>	<u>\$14,792</u>	<u>\$18,251,430</u>	<u>\$7,499,877</u>

Note 15 - Set-Asides

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

The following cash basis information identifies the changes in the year-end set-aside amounts for textbooks, capital improvements, and budget stabilization during fiscal year 2006. Disclosure of this information is required by State Statute.

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	Textbooks	Capital Improvements	Budget Stabilization
Set-aside Reserve Balances as of June 30, 2005	\$0	\$0	\$134,873
Set-aside Balance Carried Forward	(1,810,606)	0	0
Current Year Set-Aside Requirement	235,882	235,882	0
Qualifying Disbursement	(747,405)	(825,732)	0
Total	(\$2,322,129)	(\$589,850)	\$134,873
Set-aside Balance Carried Forward to future fiscal years	(\$2,322,129)	\$0	\$0
Set-aside Reserve Balance as of June 30, 2006	\$0	\$0	\$134,873

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

Note 16 – Jointly Governed Organizations

Ohio Schools' Council Association - The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2006, the School District paid \$934,858 to the Council. Financial information can be obtained by contacting Dave Cotrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

Beachwood City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 \$54,572 to LGCA during fiscal year 2006.

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

Note 17 - 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, 2006.

B. Litigation

The School District was named as a defendant in several court cases during the period ended June 30, 2006. 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.

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.

Building Fund - This fund is used to account for the receipts and expenditures related to all special bond funds in the district.

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

Vocational Equipment Grant – This fund is used to account for monies received by the State of Ohio for the purpose of purchasing equipment for vocational students.

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Special Revenue Funds (continued)

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

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

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

Title III (Immigrant) - This fund is to account for money used to educate immigrant children enrolled at Beachwood.

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

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.

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.

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

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

Nonmajor Proprietary Fund

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

Internal Service Fund

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

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

Beachwood City Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 93,537	\$ 474,825	\$ 568,362
Materials and Supplies Inventory		5,421	5,421
Accounts Receivable		2,725	2,725
<i>Total Assets</i>	<u>\$ 93,537</u>	<u>\$ 482,971</u>	<u>\$ 576,508</u>
LIABILITIES:			
Accounts Payable	1,484	11,380	12,864
Accrued Wages and Benefits		91,609	91,609
Intergovernmental Payable		20,710	20,710
Undistributed Monies		9,630	9,630
Deferred Revenue		424	424
<i>Total Liabilities</i>	<u>1,484</u>	<u>133,753</u>	<u>135,237</u>
Equity:			
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	6,134	11,557	17,691
Unreserved, Undesignated, Reported in:			
Special Revenue Funds		337,661	337,661
Capital Projects Funds	85,919		85,919
<i>Total Fund Balances</i>	<u>92,053</u>	<u>349,218</u>	<u>441,271</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 93,537</u>	<u>\$ 482,971</u>	<u>\$ 576,508</u>

Beachwood City Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
REVENUES:			
Intergovernmental	\$ 1,097	\$ 795,951	\$ 797,048
Interest	1,103	4,181	5,284
Tuition and Fees		442,102	442,102
Extracurricular Activities		78,176	78,176
Gifts and Donations		17,646	17,646
Customer Sales and Services		634,284	634,284
Miscellaneous		2,091	2,091
<i>Total Revenues</i>	<u>2,200</u>	<u>1,974,431</u>	<u>1,976,631</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	126,124	58,672	184,796
Special		159,351	159,351
Vocational	1,097	1,489	2,586
Adult/Continuing		186,275	186,275
Other		415,000	415,000
Support Services:			
Pupils		294,977	294,977
Instructional Staff		68,526	68,526
Administration		7,977	7,977
Fiscal		1,807	1,807
Central		24,916	24,916
Operation of Non-Instructional Services:			
Food Service Operations		526,561	526,561
Community Services		239,021	239,021
Extracurricular Activities		154,929	154,929
Capital Outlay:			
Building Improvement Services	77,692		77,692
<i>Total Expenditures</i>	<u>204,913</u>	<u>2,139,501</u>	<u>2,344,414</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(202,713)</u>	<u>(165,070)</u>	<u>(367,783)</u>
OTHER FINANCING SOURCES AND USES:			
Transfers In		230,000	230,000
Transfers Out		(3,214)	(3,214)
<i>Total Other Financing Sources and Uses</i>		<u>226,786</u>	<u>226,786</u>
<i>Net Change in Fund Balances</i>	(202,713)	61,716	(140,997)
<i>Fund Balance (Deficit) at Beginning of Year</i>	294,766	287,502	582,268
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 92,053</u>	<u>\$ 349,218</u>	<u>\$ 441,271</u>

Beachwood City Schools
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	<u>Nonmajor Building Fund</u>	<u>Nonmajor Vocational Equipment Grant</u>	<u>Total Nonmajor Capital Projects</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 93,537	\$ -	\$ 93,537
<i>Total Assets</i>	<u>\$ 93,537</u>	<u>\$ -</u>	<u>\$ 93,537</u>
LIABILITIES:			
Accounts Payable	1,484	0	1,484
<i>Total Liabilities</i>	<u>1,484</u>	<u>0</u>	<u>1,484</u>
Equity:			
FUND BALANCES:			
Reserved:			
Reserved for Encumbrances	6,134	0	6,134
Unreserved, Undesignated, Reported in:			
Capital Projects Funds	85,919	0	85,919
<i>Total Fund Balances</i>	<u>92,053</u>	<u>0</u>	<u>92,053</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 93,537</u>	<u>\$ -</u>	<u>\$ 93,537</u>

Beachwood City Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Building Fund	Nonmajor Vocational Equipment Grant	Total Nonmajor Capital Projects
REVENUES:			
Intergovernmental	\$ -	\$ 1,097	\$ 1,097
Interest	1,103	0	1,103
<i>Total Revenues</i>	<u>1,103</u>	<u>1,097</u>	<u>2,200</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	126,124		126,124
Vocational		1,097	1,097
Capital Outlay:			
Building Improvement Services	77,692		77,692
<i>Total Expenditures</i>	<u>203,816</u>	<u>1,097</u>	<u>204,913</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(202,713)</u>	<u>0</u>	<u>(202,713)</u>
<i>Net Change in Fund Balances</i>	(202,713)	0	(202,713)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>294,766</u>	<u>0</u>	<u>294,766</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 92,053</u>	<u>\$ -</u>	<u>\$ 92,053</u>

Beachwood City Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	<u>Food Service</u>	<u>Expendable Trust Funds</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>	<u>Recreation</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 18,051	\$ 19,168	\$ 1,493	\$ 770	\$ 71,794
Materials and Supplies Inventory	5,421	0	0	0	0
Accounts Receivable	14	0	0	0	0
<i>Total Assets</i>	<u>\$ 23,486</u>	<u>\$ 19,168</u>	<u>\$ 1,493</u>	<u>\$ 770</u>	<u>\$ 71,794</u>
LIABILITIES:					
Accounts Payable	675				1,161
Accrued Wages and Benefits	21,293				3,632
Intergovernmental Payable	5,108				1,211
Undistributed Monies	0	9,630			
Unearned Revenue	424				
<i>Total Liabilities</i>	<u>27,500</u>	<u>9,630</u>	<u>0</u>	<u>0</u>	<u>6,004</u>
Equity:					
FUND BALANCES:					
Reserved:					
Reserved for Encumbrances				531	2,768
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	(4,014)	9,538	1,493	239	63,022
<i>Total Fund Balances</i>	<u>(4,014)</u>	<u>9,538</u>	<u>1,493</u>	<u>770</u>	<u>65,790</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 23,486</u>	<u>\$ 19,168</u>	<u>\$ 1,493</u>	<u>\$ 770</u>	<u>\$ 71,794</u>

(continued)

<u>Pupil Support</u>	<u>Misc. Local Grants</u>	<u>Preschool</u>	<u>District Managed Student Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Grant</u>	<u>One Net</u>
\$ 66,581	\$ 19,349	\$ 142,835	\$ 39,971	\$ 57,684	\$ 3,393	\$ 1,112	\$ -
0	0	0	0	0	0	0	0
20	0	2,571	120	0	0	0	0
<u>\$ 66,601</u>	<u>\$ 19,349</u>	<u>\$ 145,406</u>	<u>\$ 40,091</u>	<u>\$ 57,684</u>	<u>\$ 3,393</u>	<u>\$ 1,112</u>	<u>\$ -</u>
				9,119			
		27,559		13,488			
		10,190		196			
<u>0</u>	<u>0</u>	<u>37,749</u>	<u>0</u>	<u>22,803</u>	<u>0</u>	<u>0</u>	<u>0</u>
		350		6,202			
<u>66,601</u>	<u>19,349</u>	<u>107,307</u>	<u>40,091</u>	<u>28,679</u>	<u>3,393</u>	<u>1,112</u>	<u>0</u>
<u>66,601</u>	<u>19,349</u>	<u>107,657</u>	<u>40,091</u>	<u>34,881</u>	<u>3,393</u>	<u>1,112</u>	<u>0</u>
<u>\$ 66,601</u>	<u>\$ 19,349</u>	<u>\$ 145,406</u>	<u>\$ 40,091</u>	<u>\$ 57,684</u>	<u>\$ 3,393</u>	<u>\$ 1,112</u>	<u>\$ -</u>

(continued)

Beachwood City Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	School Net Professional Development	IDEA B	TITLE III (IMMIGRANT)	Title I
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 318	\$ 25,207	\$ -	\$ 3,839
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$ 318</u>	<u>\$ 25,207</u>	<u>\$ -</u>	<u>\$ 3,839</u>
LIABILITIES:				
Accounts Payable				
Accrued Wages and Benefits		22,587		2,505
Intergovernmental Payable		3,428		493
Undistributed Monies				
Unearned Revenue				
<i>Total Liabilities</i>	<u>0</u>	<u>26,015</u>	<u>0</u>	<u>2,998</u>
Equity:				
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances		381		960
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	318	(1,189)	0	(119)
<i>Total Fund Balances</i>	<u>318</u>	<u>(808)</u>	<u>0</u>	<u>841</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 318</u>	<u>\$ 25,207</u>	<u>\$ -</u>	<u>\$ 3,839</u>

(continued)

<u>Title V</u>	<u>Drug Free Education (Title IV-A)</u>	<u>Preschool Handicapped Grant</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
\$ 43	\$ 943	\$ -	\$ 1,937	\$ 337	\$ 474,825
0	0	0	0	0	5,421
0	0	0	0	0	2,725
<u>\$ 43</u>	<u>\$ 943</u>	<u>\$ -</u>	<u>\$ 1,937</u>	<u>\$ 337</u>	<u>\$ 482,971</u>
			425		11,380
	545				91,609
	84				20,710
					9,630
					424
<u>0</u>	<u>629</u>	<u>0</u>	<u>425</u>	<u>0</u>	<u>133,753</u>
	281			84	11,557
<u>43</u>	<u>33</u>	<u>0</u>	<u>1,512</u>	<u>253</u>	<u>337,661</u>
<u>43</u>	<u>314</u>	<u>0</u>	<u>1,512</u>	<u>337</u>	<u>349,218</u>
<u>\$ 43</u>	<u>\$ 943</u>	<u>\$ -</u>	<u>\$ 1,937</u>	<u>\$ 337</u>	<u>482,971</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, 2006

	<u>Food Service</u>	<u>Expendable Trust Funds</u>	<u>Uniform Supplies</u>	<u>Adult Education</u>	<u>Recreation</u>
REVENUES:					
Intergovernmental	\$ 34,857	\$ -	\$ -	\$ -	\$ -
Interest	1,733	66			
Charges for services	14				
Extracurricular Activities					
Gifts and Donations		50			
Customer Sales and Services	351,455	80,305		0	197,099
Miscellaneous					
<i>Total Revenues</i>	<u>388,059</u>	<u>80,421</u>	<u>0</u>	<u>0</u>	<u>197,099</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular					
Special					
Vocational				1,489	
Adult/Continuing					186,275
Other					
Support Services:					
Pupils		68,924			
Instructional Staff					
Administration					
Fiscal		1,807			
Central					
Operation of Non-Instructional Services:					
Food Service Operations	526,561				
Community Services					
Extracurricular Activities					
<i>Total Expenditures</i>	<u>526,561</u>	<u>70,731</u>	<u>0</u>	<u>1,489</u>	<u>186,275</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(138,502)</u>	<u>9,690</u>	<u>0</u>	<u>(1,489)</u>	<u>10,824</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In	130,000				
Transfers Out		(3,214)			
<i>Total Other Financing Sources and Uses</i>	<u>130,000</u>	<u>(3,214)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(8,502)	6,476	0	(1,489)	10,824
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,488	3,062	1,493	2,259	54,966
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ (4,014)</u>	<u>\$ 9,538</u>	<u>\$ 1,493</u>	<u>\$ 770</u>	<u>\$ 65,790</u>

(continued)

<u>Pupil Support</u>	<u>Misc. Local Grants</u>	<u>Preschool</u>	<u>District Managed Student Activities</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Grant</u>	<u>One Net</u>
\$ -	\$ -	\$ -	\$ -	\$ 237,696	\$ 5,353	\$ 8,000	\$ 15,000
		442,088		2,382			
13,346	2,000		78,176				
	4,489		2,250				
	624	1,467	120	816			
<u>13,346</u>	<u>7,113</u>	<u>443,555</u>	<u>80,546</u>	<u>240,894</u>	<u>5,353</u>	<u>8,000</u>	<u>15,000</u>
11,985	8,394					8,000	
		415,000					
	587						
	475				3,528		15,000
				217,223			
			<u>154,929</u>				
<u>11,985</u>	<u>9,456</u>	<u>415,000</u>	<u>154,929</u>	<u>217,223</u>	<u>3,528</u>	<u>8,000</u>	<u>15,000</u>
<u>1,361</u>	<u>(2,343)</u>	<u>28,555</u>	<u>(74,383)</u>	<u>23,671</u>	<u>1,825</u>	<u>0</u>	<u>0</u>
			100,000				
<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,361	(2,343)	28,555	25,617	23,671	1,825	0	0
<u>65,240</u>	<u>21,692</u>	<u>79,102</u>	<u>14,474</u>	<u>11,210</u>	<u>1,568</u>	<u>1,112</u>	<u>0</u>
<u>\$ 66,601</u>	<u>\$ 19,349</u>	<u>\$ 107,657</u>	<u>\$ 40,091</u>	<u>\$ 34,881</u>	<u>\$ 3,393</u>	<u>\$ 1,112</u>	<u>\$ -</u>

(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, 2006

	<u>School Net Professional Development</u>	<u>IDEA B</u>	<u>TITLE III (IMMIGRANT)</u>	<u>Title I</u>	<u>Title V</u>
REVENUES:					
Intergovernmental	\$ 3,925	\$ 366,041	\$ 6,049	\$ 61,645	\$ 5,642
Interest					
Charges for services					
Extracurricular Activities					
Gifts and Donations					
Customer Sales and Services					
Miscellaneous					
<i>Total Revenues</i>	<u>3,925</u>	<u>366,041</u>	<u>6,049</u>	<u>61,645</u>	<u>5,642</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular					
Special		107,486	6,949	38,969	5,260
Vocational					
Adult/Continuing					
Other					
Support Services:					
Pupils		221,087			
Instructional Staff		48,553		6,797	
Administration		7,390			
Fiscal					
Central	5,913				
Operation of Non-Instructional Services:					
Food Service Operations					
Community Services		5,000		15,573	339
Extracurricular Activities					
<i>Total Expenditures</i>	<u>5,913</u>	<u>389,516</u>	<u>6,949</u>	<u>61,339</u>	<u>5,599</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,988)</u>	<u>(23,475)</u>	<u>(900)</u>	<u>306</u>	<u>43</u>
OTHER FINANCING SOURCES AND USES:					
Transfers In					
Transfers Out					
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(1,988)	(23,475)	(900)	306	43
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>2,306</u>	<u>22,667</u>	<u>900</u>	<u>535</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 318</u>	<u>\$ (808)</u>	<u>\$ -</u>	<u>\$ 841</u>	<u>\$ 43</u>

(continued)

<u>Drug Free Education (Title IV-A)</u>	<u>Preschool Handicapped Grant</u>	<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
\$ 5,183	\$ 13,176	\$ 29,360	\$ 4,024	\$ 795,951
				4,181
				442,102
				78,176
				17,646
				634,284
				2,091
<u>5,183</u>	<u>13,176</u>	<u>29,360</u>	<u>4,024</u>	<u>1,974,431</u>
		27,293	3,000	58,672
			687	159,351
				1,489
				186,275
				415,000
4,966	13,176			294,977
				68,526
				7,977
				1,807
				24,916
				526,561
331		555		239,021
				154,929
<u>5,297</u>	<u>13,176</u>	<u>27,848</u>	<u>3,687</u>	<u>2,139,501</u>
<u>(114)</u>	<u>0</u>	<u>1,512</u>	<u>337</u>	<u>(165,070)</u>
				230,000
				(3,214)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>226,786</u>
(114)	0	1,512	337	61,716
<u>428</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>287,502</u>
<u>\$ 314</u>	<u>\$ -</u>	<u>\$ 1,512</u>	<u>\$ 337</u>	<u>\$ 349,218</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 Schools
Combining Statements of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Retirement				
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 480,125	\$ 2,714,857	\$ 3,020,218	\$ 174,764
Total Assets	<u>\$ 480,125</u>	<u>\$ 2,714,857</u>	<u>\$ 3,020,218</u>	<u>\$ 174,764</u>
LIABILITIES:				
Undistributed Monies	\$ 480,125	\$ 2,714,857	\$ 3,020,218	\$ 174,764
Total Liabilities	<u>\$ 480,125</u>	<u>\$ 2,714,857</u>	<u>\$ 3,020,218</u>	<u>\$ 174,764</u>
Student Activities				
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 56,560	\$ 78,278	\$ 71,192	\$ 63,646
Total Assets	<u>\$ 56,560</u>	<u>\$ 78,278</u>	<u>\$ 71,192</u>	<u>\$ 63,646</u>
LIABILITIES:				
Due to Students	\$ 56,560	\$ 78,278	\$ 71,192	\$ 63,646
Total Liabilities	<u>\$ 56,560</u>	<u>\$ 78,278</u>	<u>\$ 71,192</u>	<u>\$ 63,646</u>
Totals				
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 536,685	\$ 2,793,135	\$ 3,091,410	\$ 238,410
Total Assets	<u>\$ 536,685</u>	<u>\$ 2,793,135</u>	<u>\$ 3,091,410</u>	<u>\$ 238,410</u>
LIABILITIES:				
Undistributed Monies	\$ 480,125	\$ 2,714,857	\$ 3,020,218	\$ 174,764
Due to Students	56,560	78,278	71,192	63,646
Total Liabilities	<u>\$ 536,685</u>	<u>\$ 2,793,135</u>	<u>\$ 3,091,410</u>	<u>\$ 238,410</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Property and Other Local Taxes	\$ 23,425,373	\$ 24,215,354	\$ 25,156,672	\$ 941,318
Intergovernmental	4,211,075	3,873,841	3,822,381	(51,460)
Interest	106,493	290,000	319,043	29,043
Tuition and Fees	230,625	226,573	199,095	(27,478)
Rent	253,840	248,251	274,619	26,368
Extracurricular Activities	4	0	188	188
Gifts and Donations	2,015	2,000	724	(1,276)
Customer Sales and Services	217,545	187,575	145,960	(41,615)
Miscellaneous	77,363	75,612	86,062	10,450
Total Revenues	28,524,333	29,119,206	30,004,744	885,538
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	7,124,642	7,024,323	7,021,921	2,402
Fringe Benefits	2,261,928	2,233,139	2,229,316	3,823
Purchased Services	148,477	190,746	146,336	44,410
Materials and Supplies	401,376	422,801	395,589	27,212
Other	63,614	79,495	62,697	16,798
Capital Outlay	48,304	48,777	47,608	1,169
Capital Outlay Replacement	709	1,217	699	518
Total - Regular	10,049,050	10,000,498	9,904,166	96,332
Special				
Salaries	1,899,691	1,872,882	1,872,302	580
Fringe Benefits	855,199	845,332	842,869	2,463
Purchased Services	1,018,254	1,025,183	1,003,573	21,610
Materials and Supplies	22,082	28,287	21,764	6,523
Other	0	200	0	200
Capital Outlay	14,609	16,945	14,398	2,547
Total - Special	3,809,835	3,788,829	3,754,906	33,923
Vocational				
Purchased Services	387,169	393,090	381,587	11,503
Materials and Supplies	15,470	18,744	15,247	3,497
Other	744	2,200	733	1,467
Capital Outlay	0	100	0	100
Total - Vocational	403,383	414,134	397,567	16,567
Other				
Salaries	78,931	80,000	77,793	2,207
Fringe Benefits	54,941	73,000	54,149	18,851
Purchased Services	135,156	133,300	133,207	93
Total - Other	269,028	286,300	265,149	21,151
Total - Instruction:	14,531,296	14,489,761	14,321,788	167,973

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Support Services:				
Pupils				
Salaries	1,080,950	1,071,653	1,065,365	6,288
Fringe Benefits	343,428	345,943	338,477	7,466
Purchased Services	74,346	74,770	73,274	1,496
Materials and Supplies	6,717	12,815	6,620	6,195
Other	512	513	505	8
Capital Outlay	0	3,000	0	3,000
Capital Outlay Replacement	0	2	0	2
Total - Pupils	<u>1,505,953</u>	<u>1,508,696</u>	<u>1,484,241</u>	<u>24,455</u>
Instructional Staff				
Salaries	516,969	509,605	509,515	90
Fringe Benefits	198,665	197,310	195,801	1,509
Purchased Services	76,366	78,919	75,265	3,654
Materials and Supplies	47,445	55,827	46,761	9,066
Capital Outlay	33,384	33,487	32,903	584
Capital Outlay Replacement	0	201	0	201
Total - Instructional Staff	<u>872,829</u>	<u>875,349</u>	<u>860,245</u>	<u>15,104</u>
Board of Education				
Salaries	14,509	14,604	14,300	304
Fringe Benefits	1,767	1,790	1,742	48
Purchased Services	303,287	305,926	298,914	7,012
Materials and Supplies	1,100	4,685	1,084	3,601
Other	51,572	52,957	50,828	2,129
Total - Board of Education	<u>372,235</u>	<u>379,962</u>	<u>366,868</u>	<u>13,094</u>
Administration				
Salaries	1,523,609	1,507,144	1,501,642	5,502
Fringe Benefits	651,534	651,542	642,140	9,402
Purchased Services	118,498	129,001	116,790	12,211
Materials and Supplies	21,069	24,779	20,765	4,014
Other	36,325	41,269	35,801	5,468
Capital Outlay	3,095	8,025	3,050	4,975
Total - Administration	<u>2,354,130</u>	<u>2,361,760</u>	<u>2,320,188</u>	<u>41,572</u>
Fiscal				
Salaries	233,827	232,933	230,456	2,477
Fringe Benefits	104,968	105,420	103,455	1,965
Purchased Services	15,472	17,923	15,249	2,674
Materials and Supplies	5,066	5,043	4,993	50
Other	458,635	460,820	452,023	8,797
Capital Outlay	0	189	0	189
Total - Fiscal	<u>817,968</u>	<u>822,328</u>	<u>806,176</u>	<u>16,152</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Business				
Salaries	221,365	218,321	218,173	148
Fringe Benefits	101,528	101,029	100,064	965
Purchased Services	167,030	170,752	164,622	6,130
Materials and Supplies	30,089	32,168	29,655	2,513
Other	0	478	0	478
Capital Outlay	289	1,043	285	758
Total - Business	<u>520,301</u>	<u>523,791</u>	<u>512,799</u>	<u>10,992</u>
Operation and Maintenance of Plant				
Salaries	1,365,372	1,350,381	1,345,686	4,695
Fringe Benefits	526,736	519,257	519,142	115
Purchased Services	1,152,809	1,146,528	1,136,188	10,340
Materials and Supplies	235,742	232,365	232,343	22
Capital Outlay	17,398	17,522	17,147	375
Capital Outlay Replacement	14,291	15,188	14,085	1,103
Total - Operation and Maintenance of Plant	<u>3,312,348</u>	<u>3,281,241</u>	<u>3,264,591</u>	<u>16,650</u>
Pupil Transportation				
Salaries	915,182	909,246	901,987	7,259
Fringe Benefits	457,571	457,368	450,974	6,394
Purchased Services	149,994	154,188	147,831	6,357
Materials and Supplies	157,913	156,354	155,636	718
Other	96	343	95	248
Capital Outlay	75	4,630	74	4,556
Capital Outlay Replacement	24,817	24,860	24,459	401
Total - Pupil Transportation	<u>1,705,648</u>	<u>1,706,989</u>	<u>1,681,056</u>	<u>25,933</u>
Central				
Salaries	338,172	343,023	333,296	9,727
Fringe Benefits	114,326	114,209	112,678	1,531
Purchased Services	388,490	394,646	382,889	11,757
Materials and Supplies	36,189	37,101	35,667	1,434
Other	0	1,084	0	1,084
Capital Outlay	170,513	175,125	168,055	7,070
Total - Central	<u>1,047,690</u>	<u>1,065,188</u>	<u>1,032,585</u>	<u>32,603</u>
Total - Support Services:	<u>12,509,102</u>	<u>12,525,304</u>	<u>12,328,749</u>	<u>196,555</u>
Extracurricular Activities:				
Academic Oriented Activities				
Salaries	89,259	89,018	87,972	1,046
Fringe Benefits	14,573	16,815	14,363	2,452
Other	191	200	188	12
Total - Academic Oriented Activities	<u>104,023</u>	<u>106,033</u>	<u>102,523</u>	<u>3,510</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Sport Oriented Activities				
Salaries	472,863	470,290	466,045	4,245
Fringe Benefits	100,244	100,304	98,799	1,505
Total - Sport Oriented Activities	<u>573,107</u>	<u>570,594</u>	<u>564,844</u>	<u>5,750</u>
School and Public Service Co-Curricular Activities				
Salaries	23,493	34,149	23,154	10,995
Fringe Benefits	3,803	5,452	3,748	1,704
Total - School and Public Service Co-Curricular Activities	<u>27,296</u>	<u>39,601</u>	<u>26,902</u>	<u>12,699</u>
Total - Extracurricular Activities:	<u>704,426</u>	<u>716,228</u>	<u>694,269</u>	<u>21,959</u>
Total Expenditures	<u>27,744,824</u>	<u>27,731,293</u>	<u>27,344,806</u>	<u>386,487</u>
Excess of Revenues Over (Under) Expenditures	<u>779,509</u>	<u>1,387,913</u>	<u>2,659,938</u>	<u>1,272,025</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	65	3,214	3,214	0
Proceeds from Sale of Capital Assets	730	500	11,325	10,825
Refund of Prior Year Expenditures	2,531	2,500	1,500	(1,000)
Transfers Out	(286,125)	(298,000)	(282,000)	16,000
Total Other Financing Sources and Uses	<u>(282,799)</u>	<u>(291,786)</u>	<u>(265,961)</u>	<u>25,825</u>
Net Change in Fund Balances	496,710	1,096,127	2,393,977	1,297,850
Fund Balance (Deficit) at Beginning of Year	935,259	935,259	935,259	0
Prior Year Encumbrances Appropriated	<u>322,889</u>	<u>322,889</u>	<u>322,889</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 1,754,858</u>	<u>\$ 2,354,275</u>	<u>\$ 3,652,125</u>	<u>\$ 1,297,850</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 2,547,541	\$ 2,652,486	\$ 2,828,647	\$ 115,685
Intergovernmental	287,361	281,993	259,372	(27,989)
Total Revenues	<u>2,834,902</u>	<u>2,934,479</u>	<u>3,088,019</u>	<u>87,696</u>
EXPENDITURES:				
Debt Service:				
Principal				
Principal Retirement	2,050,000	2,050,000	2,050,000	0
Total - Principal	<u>2,050,000</u>	<u>2,050,000</u>	<u>2,050,000</u>	<u>0</u>
Interest				
Interest and Fiscal Charges	814,303	814,303	814,303	0
Total - Interest	<u>814,303</u>	<u>814,303</u>	<u>814,303</u>	<u>0</u>
Issuance Costs				
Bond Issuance Costs	3,600	3,600	0	3,600
Total - Issuance Costs	<u>3,600</u>	<u>3,600</u>	<u>0</u>	<u>3,600</u>
Total - Debt Service:	<u>2,867,903</u>	<u>2,867,903</u>	<u>2,864,303</u>	<u>3,600</u>
Total Expenditures	<u>2,867,903</u>	<u>2,867,903</u>	<u>2,864,303</u>	<u>3,600</u>
Excess of Revenues Over (Under) Expenditures	<u>(33,001)</u>	<u>66,576</u>	<u>223,716</u>	<u>91,296</u>
Net Change in Fund Balances	<u>(33,001)</u>	<u>66,576</u>	<u>223,716</u>	<u>91,296</u>
Fund Balance (Deficit) at Beginning of Year	<u>1,117,639</u>	<u>1,117,639</u>	<u>1,117,639</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 1,084,638</u>	<u>\$ 1,184,215</u>	<u>\$ 1,341,355</u>	<u>\$ 91,296</u>

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, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 650,099	\$ 611,476	\$ 555,504	\$ 4,504
Intergovernmental	71,624	54,280	50,269	1,357
Interest	1,385	1,365	164	(1,201)
Total Revenues	<u>723,108</u>	<u>667,121</u>	<u>605,937</u>	<u>4,660</u>
EXPENDITURES:				
Current:				
Support Services:				
Operation and Maintenance of Plant				
Purchased Services	388,000	316,700	265,434	51,266
Capital Outlay	25,000	23,698	23,698	0
Total - Operation and Maintenance of Plant	<u>413,000</u>	<u>340,398</u>	<u>289,132</u>	<u>51,266</u>
Pupil Transportation				
Capital Outlay Replacement	119,870	123,960	123,960	0
Total - Pupil Transportation	<u>119,870</u>	<u>123,960</u>	<u>123,960</u>	<u>0</u>
Central				
Capital Outlay	0	9,700	9,209	491
Total - Central	<u>0</u>	<u>9,700</u>	<u>9,209</u>	<u>491</u>
Total - Support Services:	<u>532,870</u>	<u>474,058</u>	<u>422,301</u>	<u>51,757</u>
Capital Outlay:				
Other Facilities Acquisition and Construction				
Capital Outlay	178,000	236,812	221,982	14,830
Total - Other Facilities Acquisition and Construction	<u>178,000</u>	<u>236,812</u>	<u>221,982</u>	<u>14,830</u>
Total - Capital Outlay:	<u>178,000</u>	<u>236,812</u>	<u>221,982</u>	<u>14,830</u>
Total Expenditures	<u>710,870</u>	<u>710,870</u>	<u>644,283</u>	<u>66,587</u>
Excess of Revenues Over (Under) Expenditures	<u>12,238</u>	<u>(43,749)</u>	<u>(38,346)</u>	<u>71,247</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	0	50,000	50,000	0
Total Other Financing Sources and Uses	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Net Change in Fund Balances	<u>12,238</u>	<u>6,251</u>	<u>11,654</u>	<u>71,247</u>
Fund Balance (Deficit) at Beginning of Year	6,363	6,363	6,363	0
Prior Year Encumbrances Appropriated	18,214	18,214	18,214	0
Fund Balance (Deficit) at End of Year	<u>\$ 36,815</u>	<u>\$ 30,828</u>	<u>\$ 36,231</u>	<u>\$ 71,247</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 672,146	\$ 672,146	\$ 668,141	\$ (4,005)
Tuition and Fees	1,768,000	1,768,000	1,872,402	104,402
Customer Sales and Services	5,000	5,000	23,445	18,445
Total Revenues	<u>2,445,146</u>	<u>2,445,146</u>	<u>2,563,988</u>	<u>118,842</u>
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	907,732	767,157	749,601	17,556
Fringe Benefits	312,812	283,314	258,319	24,995
Purchased Services	51,068	56,339	42,172	14,167
Materials and Supplies	11,418	16,981	9,429	7,552
Capital Outlay	4,622	5,407	3,817	1,590
Capital Outlay Replacement	6,077	7,559	5,018	2,541
Total - Special	<u>1,293,729</u>	<u>1,136,757</u>	<u>1,068,356</u>	<u>68,401</u>
Vocational				
Salaries	450,969	393,779	372,408	21,371
Fringe Benefits	154,865	140,629	127,887	12,742
Purchased Services	36,055	38,245	29,774	8,471
Materials and Supplies	62,794	56,307	51,855	4,452
Other	327	270	270	
Capital Outlay	9,833	11,033	8,120	2,913
Total - Vocational	<u>714,843</u>	<u>640,263</u>	<u>590,314</u>	<u>49,949</u>
Total - Instruction:	<u>2,008,572</u>	<u>1,777,020</u>	<u>1,658,670</u>	<u>118,350</u>
Support Services:				
Pupils				
Salaries	753,337	663,074	622,102	40,972
Fringe Benefits	311,928	273,190	257,589	15,601
Purchased Services	36,470	30,128	30,117	11
Materials and Supplies	593	491	490	1
Total - Pupils	<u>1,102,328</u>	<u>966,883</u>	<u>910,298</u>	<u>56,585</u>
Central				
Materials and Supplies	1,505	1,440	1,243	197
Total - Central	<u>1,505</u>	<u>1,440</u>	<u>1,243</u>	<u>197</u>
Total - Support Services:	<u>1,103,833</u>	<u>968,323</u>	<u>911,541</u>	<u>56,782</u>
Total Expenditures	<u>3,112,405</u>	<u>2,745,343</u>	<u>2,570,211</u>	<u>175,132</u>
Excess of Revenues Over (Under) Expenditures	<u>(667,259)</u>	<u>(300,197)</u>	<u>(6,223)</u>	<u>293,974</u>
Net Change in Fund Balances	<u>(667,259)</u>	<u>(300,197)</u>	<u>(6,223)</u>	<u>293,974</u>
Fund Balance (Deficit) at Beginning of Year	1,136,061	1,136,061	1,136,061	0
Prior Year Encumbrances Appropriated	10,430	10,430	10,430	0
Fund Balance (Deficit) at End of Year	<u>\$ 479,232</u>	<u>\$ 846,294</u>	<u>\$ 1,140,268</u>	<u>\$ 293,974</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Interest	\$ 8,660	\$ 8,660	\$ 1,103	\$ (7,557)
Customer Sales and Services	113,288	113,288	0	(113,288)
Total Revenues	<u>121,948</u>	<u>121,948</u>	<u>1,103</u>	<u>(120,845)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Purchased Services	125,340	125,340	124,640	700
Capital Outlay	0	2,000	1,699	301
Total - Regular	<u>125,340</u>	<u>127,340</u>	<u>126,339</u>	<u>1,001</u>
Total - Instruction:	<u>125,340</u>	<u>127,340</u>	<u>126,339</u>	<u>1,001</u>
Capital Outlay:				
Architecture and Engineering Services				
Capital Outlay	0	900	0	900
Total - Architecture and Engineering Services	<u>0</u>	<u>900</u>	<u>0</u>	<u>900</u>
Building Acquisition and Construction Services				
Capital Outlay	7,000	7,000	0	7,000
Total - Building Acquisition and Construction Services	<u>7,000</u>	<u>7,000</u>	<u>0</u>	<u>7,000</u>
Building Improvement Services				
Capital Outlay	84,397	84,597	83,611	986
Total - Building Improvement Services	<u>84,397</u>	<u>84,597</u>	<u>83,611</u>	<u>986</u>
Other Facilities Acquisition and Construction				
Capital Outlay	72,793	69,693	0	69,693
Total - Other Facilities Acquisition and Construction	<u>72,793</u>	<u>69,693</u>	<u>0</u>	<u>69,693</u>
Total - Capital Outlay:	<u>164,190</u>	<u>162,190</u>	<u>83,611</u>	<u>78,579</u>
Total Expenditures	<u>289,530</u>	<u>289,530</u>	<u>209,950</u>	<u>79,580</u>
Excess of Revenues Over (Under) Expenditures	<u>(167,582)</u>	<u>(167,582)</u>	<u>(208,847)</u>	<u>(41,265)</u>
Net Change in Fund Balances	<u>(167,582)</u>	<u>(167,582)</u>	<u>(208,847)</u>	<u>(41,265)</u>
Fund Balance (Deficit) at Beginning of Year	32,393	32,393	32,393	0
Prior Year Encumbrances Appropriated	<u>262,374</u>	<u>262,374</u>	<u>262,374</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 127,185</u>	<u>\$ 127,185</u>	<u>\$ 85,920</u>	<u>\$ (41,265)</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, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 12,495	\$ 12,495	\$ -	\$ (12,495)
Total Revenues	<u>12,495</u>	<u>12,495</u>	<u>0</u>	<u>(12,495)</u>
EXPENDITURES:				
Current:				
Support Services:				
Central				
Capital Outlay	<u>12,495</u>	<u>12,495</u>	<u>12,495</u>	<u>0</u>
Total - Central	<u>12,495</u>	<u>12,495</u>	<u>12,495</u>	<u>0</u>
Total - Support Services:	<u>12,495</u>	<u>12,495</u>	<u>12,495</u>	<u>0</u>
Total Expenditures	<u>12,495</u>	<u>12,495</u>	<u>12,495</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>(12,495)</u>	<u>(12,495)</u>
Net Change in Fund Balances	0	0	(12,495)	(12,495)
Fund Balance (Deficit) at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>12,495</u>	<u>12,495</u>	<u>12,495</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 12,495</u>	<u>\$ 12,495</u>	<u>\$ -</u>	<u>\$ (12,495)</u>

Beachwood City Schools
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Vocational Equipment Grant
 For the Fiscal Year Ended June 30, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 1,097	\$ 1,097	\$ 1,097	\$ -
Total Revenues	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Vocational				
Capital Outlay	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>	<u>0</u>
Total - Vocational	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>	<u>0</u>
Total - Instruction:	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>	<u>0</u>
Total Expenditures	<u>1,097</u>	<u>1,097</u>	<u>1,097</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 28,800	\$ 28,800	\$ 34,857	\$ 6,057
Interest	150	150	1,733	1,583
Customer Sales and Services	<u>336,000</u>	<u>346,000</u>	<u>355,820</u>	<u>9,820</u>
Total Revenues	<u>364,950</u>	<u>374,950</u>	<u>392,410</u>	<u>17,460</u>
EXPENDITURES:				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations				
Salaries	248,347	213,847	212,230	1,617
Fringe Benefits	92,221	114,221	112,990	1,231
Purchased Services	12,797	6,897	6,183	714
Materials and Supplies	163,186	195,086	194,024	1,062
Capital Outlay	<u>15,000</u>	<u>1,500</u>	<u>852</u>	<u>648</u>
Total - Food Service Operations	<u>531,551</u>	<u>531,551</u>	<u>526,279</u>	<u>5,272</u>
Total - Operation of Non-Instructional Services:	<u>531,551</u>	<u>531,551</u>	<u>526,279</u>	<u>5,272</u>
Total Expenditures	<u>531,551</u>	<u>531,551</u>	<u>526,279</u>	<u>5,272</u>
Excess of Revenues Over (Under) Expenditures	<u>(166,601)</u>	<u>(156,601)</u>	<u>(133,869)</u>	<u>22,732</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	150,000	140,000	130,000	(10,000)
Refund of Prior Year Receipts	<u>(5,395)</u>	<u>(5,395)</u>	<u>(5,395)</u>	<u>(5,395)</u>
Total Other Financing Sources and Uses	<u>150,000</u>	<u>134,605</u>	<u>124,605</u>	<u>(10,000)</u>
Net Change in Fund Balances	(16,601)	(21,996)	(9,264)	12,732
Fund Balance (Deficit) at Beginning of Year	26,701	26,701	26,701	0
Prior Year Encumbrances Appropriated	<u>381</u>	<u>381</u>	<u>381</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 10,481</u>	<u>\$ 5,086</u>	<u>\$ 17,818</u>	<u>\$ 12,732</u>

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Expendable Trust Funds
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Interest	\$ 54	\$ 30	\$ 66	\$ 36
Gifts and Donations	40	70	50	(20)
Customer Sales and Services	<u>65,106</u>	<u>71,150</u>	<u>80,305</u>	<u>9,155</u>
Total Revenues	<u>65,200</u>	<u>71,250</u>	<u>80,421</u>	<u>9,171</u>
EXPENDITURES:				
Current:				
Support Services:				
Pupils				
Materials and Supplies	129	160	156	4
Other	<u>57,982</u>	<u>72,525</u>	<u>69,922</u>	<u>2,603</u>
Total - Pupils	<u>58,111</u>	<u>72,685</u>	<u>70,078</u>	<u>2,607</u>
Fiscal				
Purchased Services	<u>1,498</u>	<u>2,500</u>	<u>1,807</u>	<u>693</u>
Total - Fiscal	<u>1,498</u>	<u>2,500</u>	<u>1,807</u>	<u>693</u>
Total - Support Services:	<u>59,609</u>	<u>75,185</u>	<u>71,885</u>	<u>3,300</u>
Total Expenditures	<u>59,609</u>	<u>75,185</u>	<u>71,885</u>	<u>3,300</u>
Excess of Revenues Over (Under) Expenditures	<u>5,591</u>	<u>(3,935)</u>	<u>8,536</u>	<u>12,471</u>
OTHER FINANCING SOURCES AND USES:				
Transfers Out	<u>(2,665)</u>	<u>(3,500)</u>	<u>(3,214)</u>	<u>286</u>
Total Other Financing Sources and Uses	<u>(2,665)</u>	<u>(3,500)</u>	<u>(3,214)</u>	<u>286</u>
Net Change in Fund Balances	2,926	(7,435)	5,322	12,757
Fund Balance (Deficit) at Beginning of Year	<u>12,689</u>	<u>12,689</u>	<u>12,689</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 15,615</u>	<u>\$ 5,254</u>	<u>\$ 18,011</u>	<u>\$ 12,757</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, 2006*

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

Beachwood City Schools
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Customer Sales and Services	\$ 4,600	\$ 4,600	\$ (330)	\$ (4,930)
Total Revenues	<u>4,600</u>	<u>4,600</u>	<u>(330)</u>	<u>(4,930)</u>
EXPENDITURES:				
Current:				
Instruction:				
Vocational				
Purchased Services	3,635	3,435	655	2,780
Materials and Supplies	<u>1,000</u>	<u>1,200</u>	<u>1,035</u>	<u>165</u>
Total - Vocational	<u>4,635</u>	<u>4,635</u>	<u>1,690</u>	<u>2,945</u>
Total - Instruction:	<u>4,635</u>	<u>4,635</u>	<u>1,690</u>	<u>2,945</u>
Total Expenditures	<u>4,635</u>	<u>4,635</u>	<u>1,690</u>	<u>2,945</u>
Excess of Revenues Over (Under) Expenditures	<u>(35)</u>	<u>(35)</u>	<u>(2,020)</u>	<u>(1,985)</u>
Net Change in Fund Balances	(35)	(35)	(2,020)	(1,985)
Fund Balance (Deficit) at Beginning of Year	<u>2,259</u>	<u>2,259</u>	<u>2,259</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 2,224</u>	<u>\$ 2,224</u>	<u>\$ 239</u>	<u>\$ (1,985)</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Customer Sales and Services	\$ 202,508	\$ 202,508	\$ 197,394	\$ (5,114)
Total Revenues	<u>202,508</u>	<u>202,508</u>	<u>197,394</u>	<u>(5,114)</u>
EXPENDITURES:				
Current:				
Instruction:				
Adult/Continuing				
Salaries	138,477	158,695	114,000	44,695
Fringe Benefits	21,390	28,965	17,609	11,356
Purchased Services	52,160	50,923	42,940	7,983
Materials and Supplies	16,623	18,114	13,685	4,429
Other	1,150	1,983	947	1,036
Capital Outlay	<u>156</u>	<u>275</u>	<u>128</u>	<u>147</u>
Total - Adult/Continuing	<u>229,956</u>	<u>258,955</u>	<u>189,309</u>	<u>69,646</u>
Total - Instruction:	<u>229,956</u>	<u>258,955</u>	<u>189,309</u>	<u>69,646</u>
Total Expenditures	<u>229,956</u>	<u>258,955</u>	<u>189,309</u>	<u>69,646</u>
Excess of Revenues Over (Under) Expenditures	<u>(27,448)</u>	<u>(56,447)</u>	<u>8,085</u>	<u>64,532</u>
Net Change in Fund Balances	(27,448)	(56,447)	8,085	64,532
Fund Balance (Deficit) at Beginning of Year	56,764	56,764	56,764	
Prior Year Encumbrances Appropriated	<u>3,018</u>	<u>3,018</u>	<u>3,018</u>	
Fund Balance (Deficit) at End of Year	<u>\$ 32,334</u>	<u>\$ 3,335</u>	<u>\$ 67,867</u>	<u>\$ 64,532</u>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Gifts and Donations	\$ 10,668	\$ 10,668	\$ 13,326	\$ 2,658
Total Revenues	<u>10,668</u>	<u>10,668</u>	<u>13,326</u>	<u>2,658</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Purchased Services		4,860	4,860	
Materials and Supplies	13,200	8,340	6,220	2,120
Capital Outlay	<u>26,700</u>	<u>26,700</u>	<u>905</u>	<u>25,795</u>
Total - Regular	<u>39,900</u>	<u>39,900</u>	<u>11,985</u>	<u>27,915</u>
Total - Instruction:	<u>39,900</u>	<u>39,900</u>	<u>11,985</u>	<u>27,915</u>
Total Expenditures	<u>39,900</u>	<u>39,900</u>	<u>11,985</u>	<u>27,915</u>
Excess of Revenues Over (Under) Expenditures	<u>(29,232)</u>	<u>(29,232)</u>	<u>1,341</u>	<u>30,573</u>
Net Change in Fund Balances	(29,232)	(29,232)	1,341	30,573
Fund Balance (Deficit) at Beginning of Year	61,895	61,895	61,895	0
Prior Year Encumbrances Appropriated	<u>3,344</u>	<u>3,344</u>	<u>3,344</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 36,007</u>	<u>\$ 36,007</u>	<u>\$ 66,580</u>	<u>\$ 30,573</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Gifts and Donations	\$2,000	\$2,000	\$2,000	\$0
Customer Sales and Services	4,000	4,000	4,489	489
Miscellaneous	500	500	624	124
Total Revenues	<u>6,500</u>	<u>6,500</u>	<u>7,113</u>	<u>613</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	5,005	2,044	2,044	
Fringe Benefits	823	344	336	8
Purchased Services	7,435	3,052	3,036	16
Materials and Supplies	2,395	3,845	978	2,867
Other	4,898	2,000	2,000	
Capital Outlay	0	4,500		4,500
Total - Regular	<u>20,556</u>	<u>15,785</u>	<u>8,394</u>	<u>7,391</u>
Total - Instruction:	<u>20,556</u>	<u>15,785</u>	<u>8,394</u>	<u>7,391</u>
Support Services:				
Pupils				
Purchased Services	0	839	0	839
Other	0	328	0	328
Total - Pupils	<u>0</u>	<u>1,167</u>	<u>0</u>	<u>1,167</u>
Administration				
Purchased Services	262	2,000	107	1,893
Materials and Supplies	1,175	500	480	20
Total - Administration	<u>1,437</u>	<u>2,500</u>	<u>587</u>	<u>1,913</u>
Central				
Materials and Supplies	1,163	948	475	473
Capital Outlay	0	2,756	0	2,756
Total - Central	<u>1,163</u>	<u>3,704</u>	<u>475</u>	<u>3,229</u>
Total - Support Services:	<u>2,600</u>	<u>7,371</u>	<u>1,062</u>	<u>6,309</u>
Total Expenditures	<u>23,156</u>	<u>23,156</u>	<u>9,456</u>	<u>13,700</u>
Excess of Revenues Over (Under) Expenditures	<u>(16,656)</u>	<u>(16,656)</u>	<u>(2,343)</u>	<u>14,313</u>
Net Change in Fund Balances	(16,656)	(16,656)	(2,343)	14,313
Fund Balance (Deficit) at Beginning of Year	<u>21,691</u>	<u>21,691</u>	<u>21,691</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 5,035</u>	<u>\$ 5,035</u>	<u>\$ 19,348</u>	<u>\$ 14,313</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Tuition and Fees	\$ 459,000	\$ 459,000	\$ 439,517	\$ (19,483)
Miscellaneous	2,000	2,000	1,467	(533)
Total Revenues	<u>461,000</u>	<u>461,000</u>	<u>440,984</u>	<u>(20,016)</u>
EXPENDITURES:				
Current:				
Instruction:				
Other				
Salaries	262,272	262,272	251,329	10,943
Fringe Benefits	125,375	125,375	118,841	6,534
Purchased Services	26,321	26,221	19,987	6,234
Materials and Supplies	19,613	19,713	15,268	4,445
Capital Outlay	3,894	3,894	63	3,831
Total - Other	<u>437,475</u>	<u>437,475</u>	<u>405,488</u>	<u>31,987</u>
Total - Instruction:	<u>437,475</u>	<u>437,475</u>	<u>405,488</u>	<u>31,987</u>
Total Expenditures	<u>437,475</u>	<u>437,475</u>	<u>405,488</u>	<u>31,987</u>
Excess of Revenues Over (Under) Expenditures	<u>23,525</u>	<u>23,525</u>	<u>35,496</u>	<u>11,971</u>
Net Change in Fund Balances	23,525	23,525	35,496	11,971
Fund Balance (Deficit) at Beginning of Year	106,370	106,370	106,370	0
Prior Year Encumbrances Appropriated	619	619	619	0
Fund Balance (Deficit) at End of Year	<u>\$ 130,514</u>	<u>\$ 130,514</u>	<u>\$ 142,485</u>	<u>\$ 11,971</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, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Extracurricular Activities	\$ 92,200	\$ 92,200	\$ 78,176	\$ (14,024)
Gifts and Donations	7,000	7,000	2,250	(4,750)
Total Revenues	<u>99,200</u>	<u>99,200</u>	<u>80,426</u>	<u>(18,774)</u>
EXPENDITURES:				
Current:				
Extracurricular Activities:				
Academic Oriented Activities				
Purchased Services	28,497	48,785	21,368	27,417
Materials and Supplies	37,961	40,361	28,465	11,896
Other	2,400	2,000	1,800	200
Total - Academic Oriented Activities	<u>68,858</u>	<u>91,146</u>	<u>51,633</u>	<u>39,513</u>
Sport Oriented Activities				
Purchased Services	85,699	65,943	64,261	1,682
Materials and Supplies	50,909	46,690	38,174	8,516
Other	1,288	3,973	966	3,007
Capital Outlay	2,537	1,902	1,902	0
Total - Sport Oriented Activities	<u>140,433</u>	<u>118,508</u>	<u>105,303</u>	<u>13,205</u>
Total - Extracurricular Activities:	<u>209,291</u>	<u>209,654</u>	<u>156,936</u>	<u>52,718</u>
Total Expenditures	<u>209,291</u>	<u>209,654</u>	<u>156,936</u>	<u>52,718</u>
Excess of Revenues Over (Under) Expenditures	<u>(110,091)</u>	<u>(110,454)</u>	<u>(76,510)</u>	<u>33,944</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	110,500	110,500	100,000	(10,500)
Total Other Financing Sources and Uses	<u>110,500</u>	<u>110,500</u>	<u>100,000</u>	<u>(10,500)</u>
Net Change in Fund Balances	409	46	23,490	23,444
Fund Balance (Deficit) at Beginning of Year	<u>16,482</u>	<u>16,482</u>	<u>16,482</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 16,891</u>	<u>\$ 16,528</u>	<u>\$ 39,972</u>	<u>\$ 23,444</u>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 230,662	\$ 237,695	\$ 237,696	\$ 1
Interest	540	2,068	2,382	314
Customer Sales and Services	0	0	816	816
Total Revenues	<u>231,202</u>	<u>239,763</u>	<u>240,894</u>	<u>1,131</u>
EXPENDITURES:				
Current:				
Operation of Non-Instructional Services:				
Community Services				
Salaries	95,507	92,929	92,929	0
Fringe Benefits	27,014	28,876	26,285	2,591
Purchased Services	48,050	72,904	46,753	26,151
Materials and Supplies	48,447	52,462	47,139	5,323
Capital Outlay	3,384	10,251	3,293	6,958
Total - Community Services	<u>222,402</u>	<u>257,422</u>	<u>216,399</u>	<u>41,023</u>
Total - Operation of Non-Instructional Services:	<u>222,402</u>	<u>257,422</u>	<u>216,399</u>	<u>41,023</u>
Total Expenditures	<u>222,402</u>	<u>257,422</u>	<u>216,399</u>	<u>41,023</u>
Excess of Revenues Over (Under) Expenditures	<u>8,800</u>	<u>(17,659)</u>	<u>24,495</u>	<u>42,154</u>
Net Change in Fund Balances	8,800	(17,659)	24,495	42,154
Fund Balance (Deficit) at Beginning of Year	6,623	6,623	6,623	0
Prior Year Encumbrances Appropriated	<u>11,249</u>	<u>11,249</u>	<u>11,249</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 26,672</u>	<u>\$ 213</u>	<u>\$ 42,367</u>	<u>\$ 42,154</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Management Information Systems
 For the Fiscal Year Ended June 30, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 5,800	\$ 5,353	\$ 5,353	\$ -
Total Revenues	<u>5,800</u>	<u>5,353</u>	<u>5,353</u>	<u>0</u>
EXPENDITURES:				
Current:				
Support Services:				
Central	<u>5,700</u>	<u>5,700</u>	<u>3,528</u>	<u>2,172</u>
Total - Support Services:	<u>5,700</u>	<u>5,700</u>	<u>3,528</u>	<u>2,172</u>
Total Expenditures	<u>5,700</u>	<u>5,700</u>	<u>3,528</u>	<u>2,172</u>
Excess of Revenues Over (Under) Expenditures	<u>100</u>	<u>(347)</u>	<u>1,825</u>	<u>2,172</u>
Net Change in Fund Balances	100	(347)	1,825	2,172
Fund Balance (Deficit) at Beginning of Year	<u>1,568</u>	<u>1,568</u>	<u>1,568</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 1,668</u>	<u>\$ 1,221</u>	<u>\$ 3,393</u>	<u>\$ 2,172</u>

Beachwood City Schools
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Entry Year Grant
 For the Fiscal Year Ended June 30, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 5,500	\$ 8,000	\$ 8,000	\$ -
Total Revenues	<u>5,500</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	0	1,600	1,600	0
Purchased Services	5,500	6,400	6,400	0
Total - Regular	<u>5,500</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Total - Instruction:	<u>5,500</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Total Expenditures	<u>5,500</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Fund Balance (Deficit) at Beginning of Year	<u>1,112</u>	<u>1,112</u>	<u>1,112</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$ 1,112</u></u>	<u><u>\$ 1,112</u></u>	<u><u>\$ 1,112</u></u>	<u><u>\$ -</u></u>

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, 2006*

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

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 4,140	\$ 3,925	\$ 3,925	\$ -
Total Revenues	<u>4,140</u>	<u>3,925</u>	<u>3,925</u>	<u>0</u>
EXPENDITURES:				
Current:				
Support Services:				
Central				
Salaries	0	2,028	2,028	0
Fringe Benefits	0	333	332	1
Purchased Services	<u>6,828</u>	<u>3,871</u>	<u>3,553</u>	<u>318</u>
Total - Central	<u>6,828</u>	<u>6,232</u>	<u>5,913</u>	<u>319</u>
Total - Support Services:	<u>6,828</u>	<u>6,232</u>	<u>5,913</u>	<u>319</u>
Total Expenditures	<u>6,828</u>	<u>6,232</u>	<u>5,913</u>	<u>319</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,688)</u>	<u>(2,307)</u>	<u>(1,988)</u>	<u>319</u>
Net Change in Fund Balances	(2,688)	(2,307)	(1,988)	319
Fund Balance (Deficit) at Beginning of Year	<u>2,308</u>	<u>2,308</u>	<u>2,308</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ (380)</u>	<u>\$ 1</u>	<u>\$ 320</u>	<u>\$ 319</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 385,141	\$ 366,041	\$ 366,041	\$ -
Total Revenues	<u>385,141</u>	<u>366,041</u>	<u>366,041</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	42,548	39,498	39,498	0
Fringe Benefits	7,069	6,562	6,562	0
Purchased Services	56,922	52,841	52,841	0
Materials and Supplies	9,658	8,966	8,966	0
Total - Special	<u>116,197</u>	<u>107,867</u>	<u>107,867</u>	<u>0</u>
Total - Instruction:	<u>116,197</u>	<u>107,867</u>	<u>107,867</u>	<u>0</u>
Support Services:				
Pupils				
Salaries	161,767	165,140	150,171	14,969
Fringe Benefits	36,051	34,466	33,467	999
Purchased Services	20,140	18,697	18,696	1
Total - Pupils	<u>217,958</u>	<u>218,303</u>	<u>202,334</u>	<u>15,969</u>
Instructional Staff				
Salaries	30,169	33,063	28,006	5,057
Fringe Benefits	19,505	21,189	18,107	3,082
Purchased Services	2628	2,440	2,440	
Total - Instructional Staff	<u>52,302</u>	<u>56,692</u>	<u>48,553</u>	<u>8,139</u>
Administration				
Salaries	6,837	6,347	6,347	
Fringe Benefits	1,124	1,044	1,043	1
Total - Administration	<u>7,961</u>	<u>7,391</u>	<u>7,390</u>	<u>1</u>
Total - Support Services:	<u>278,221</u>	<u>282,386</u>	<u>258,277</u>	<u>24,109</u>
Operation of Non-Instructional Services:				
Community Services				
Salaries	5,386	5,000	5,000	0
Purchased Services	0	719	0	719
Total - Community Services	<u>5,386</u>	<u>5,719</u>	<u>5,000</u>	<u>719</u>
Total - Operation of Non-Instructional Services:	<u>5,386</u>	<u>5,719</u>	<u>5,000</u>	<u>719</u>
Total Expenditures	<u>399,804</u>	<u>395,972</u>	<u>371,144</u>	<u>24,828</u>
Excess of Revenues Over (Under) Expenditures	<u>(14,663)</u>	<u>(29,931)</u>	<u>(5,103)</u>	<u>24,828</u>
Net Change in Fund Balances	(14,663)	(29,931)	(5,103)	24,828
Fund Balance (Deficit) at Beginning of Year	14,662	14,662	14,662	0
Prior Year Encumbrances Appropriated	<u>15,269</u>	<u>15,269</u>	<u>15,269</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 15,268</u>	<u>\$ -</u>	<u>\$ 24,828</u>	<u>\$ 24,828</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TITLE III (IMMIGRANT)
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 6,115	\$ 6,049	\$ 6,049	\$ -
Total Revenues	<u>6,115</u>	<u>6,049</u>	<u>6,049</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	4,900	4,900	4,900	0
Materials and Supplies	1,215	1,866	1,866	0
Capital Outlay	<u>0</u>	<u>182</u>	<u>182</u>	<u>0</u>
Total - Special	<u>6,115</u>	<u>6,948</u>	<u>6,948</u>	<u>0</u>
Total - Instruction:	<u>6,115</u>	<u>6,948</u>	<u>6,948</u>	<u>0</u>
Total Expenditures	<u>6,115</u>	<u>6,948</u>	<u>6,948</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>(899)</u>	<u>(899)</u>	<u>0</u>
Net Change in Fund Balances	0	(899)	(899)	0
Prior Year Encumbrances Appropriated	<u>899</u>	<u>899</u>	<u>899</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 55,162	\$ 62,153	\$ 61,645	\$ (508)
Total Revenues	<u>55,162</u>	<u>62,153</u>	<u>61,645</u>	<u>(508)</u>
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	27,859	31,728	29,659	2,069
Fringe Benefits	4,598	5,273	4,895	378
Materials and Supplies	7,740	8,240	8,240	0
Total - Special	<u>40,197</u>	<u>45,241</u>	<u>42,794</u>	<u>2,447</u>
Total - Instruction:	<u>40,197</u>	<u>45,241</u>	<u>42,794</u>	<u>2,447</u>
Support Services:				
Instructional Staff				
Salaries	3,426	3,647	3,647	0
Fringe Benefits	564	600	600	0
Purchased Services	2,395	2,550	2,550	0
Total - Instructional Staff	<u>6,385</u>	<u>6,797</u>	<u>6,797</u>	<u>0</u>
Total - Support Services:	<u>6,385</u>	<u>6,797</u>	<u>6,797</u>	<u>0</u>
Operation of Non-Instructional Services:				
Community Services				
Purchased Services	14,628	15,573	15,573	0
Total - Community Services	<u>14,628</u>	<u>15,573</u>	<u>15,573</u>	<u>0</u>
Total - Operation of Non-Instructional Services:	<u>14,628</u>	<u>15,573</u>	<u>15,573</u>	<u>0</u>
Total Expenditures	<u>61,210</u>	<u>67,611</u>	<u>65,164</u>	<u>2,447</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,048)</u>	<u>(5,458)</u>	<u>(3,519)</u>	<u>1,939</u>
Net Change in Fund Balances	(6,048)	(5,458)	(3,519)	1,939
Fund Balance (Deficit) at Beginning of Year	6,046	6,046	6,046	0
Prior Year Encumbrances Appropriated	<u>352</u>	<u>352</u>	<u>352</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 350</u>	<u>\$ 940</u>	<u>\$ 2,879</u>	<u>\$ 1,939</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Title V
 For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 5,322	\$ 5,642	\$ 5,642	\$ -
Total Revenues	<u>5,322</u>	<u>5,642</u>	<u>5,642</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Special				
Salaries	<u>5,322</u>	<u>5,260</u>	<u>5,260</u>	<u>0</u>
Total - Special	<u>5,322</u>	<u>5,260</u>	<u>5,260</u>	<u>0</u>
Total - Instruction:	<u>5,322</u>	<u>5,260</u>	<u>5,260</u>	<u>0</u>
Operation of Non-Instructional Services:				
Community Services				
Purchased Services	0	303	303	0
Materials and Supplies	<u>0</u>	<u>79</u>	<u>36</u>	<u>43</u>
Total - Community Services	<u>0</u>	<u>382</u>	<u>339</u>	<u>43</u>
Total - Operation of Non-Instructional Services:	<u>0</u>	<u>382</u>	<u>339</u>	<u>43</u>
Total Expenditures	<u>5,322</u>	<u>5,642</u>	<u>5,599</u>	<u>43</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>43</u>	<u>43</u>
Net Change in Fund Balances	0	0	43	43
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>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 43</u>

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 5,503	\$ 5,184	\$ 5,183	\$ (1)
Total Revenues	<u>5,503</u>	<u>5,184</u>	<u>5,183</u>	<u>\$ (1)</u>
EXPENDITURES:				
Current:				
Support Services:				
Pupils				
Salaries	3,378	3,799	3,254	545
Fringe Benefits	555	625	535	90
Purchased Services	829	799	799	0
Materials and Supplies	373	359	359	0
Total - Pupils	<u>5,135</u>	<u>5,582</u>	<u>4,947</u>	<u>635</u>
Total - Support Services:	<u>5,135</u>	<u>5,582</u>	<u>4,947</u>	<u>635</u>
Operation of Non-Instructional Services:				
Community Services				
Purchased Services	104	125	100	25
Materials and Supplies	532	512	512	0
Total - Community Services	<u>636</u>	<u>637</u>	<u>612</u>	<u>25</u>
Total - Operation of Non-Instructional Services:	<u>636</u>	<u>637</u>	<u>612</u>	<u>25</u>
Total Expenditures	<u>5,771</u>	<u>6,219</u>	<u>5,559</u>	<u>660</u>
Excess of Revenues Over (Under) Expenditures	<u>(268)</u>	<u>(1,035)</u>	<u>(376)</u>	<u>659</u>
Net Change in Fund Balances	(268)	(1,035)	(376)	659
Fund Balance (Deficit) at Beginning of Year	616	616	616	0
Prior Year Encumbrances Appropriated	<u>421</u>	<u>421</u>	<u>421</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ 769</u>	<u>\$ 2</u>	<u>\$ 660</u>	<u>\$ 658</u>

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, 2006*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 12,199	\$ 13,176	\$ 13,176	\$ -
Total Revenues	<u>12,199</u>	<u>13,176</u>	<u>13,176</u>	<u>0</u>
EXPENDITURES:				
Current:				
Support Services:				
Instructional Staff				
Salaries	<u>12,199</u>	<u>13,176</u>	<u>13,176</u>	<u>0</u>
Total - Instructional Staff	<u>12,199</u>	<u>13,176</u>	<u>13,176</u>	<u>0</u>
Total - Support Services:	<u>12,199</u>	<u>13,176</u>	<u>13,176</u>	<u>0</u>
Total Expenditures	<u>12,199</u>	<u>13,176</u>	<u>13,176</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0	0
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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 29,752	\$ 29,360	\$ 29,360	\$ -
Total Revenues	<u>29,752</u>	<u>29,360</u>	<u>29,360</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	<u>29,752</u>	<u>28,805</u>	<u>27,293</u>	<u>1,512</u>
Total - Regular	<u>29,752</u>	<u>28,805</u>	<u>27,293</u>	<u>1,512</u>
Total - Instruction:	<u>29,752</u>	<u>28,805</u>	<u>27,293</u>	<u>1,512</u>
Operation of Non-Instructional Services:				
Community Services				
Purchased Services	<u>0</u>	<u>555</u>	<u>555</u>	<u>0</u>
Total - Community Services	<u>0</u>	<u>555</u>	<u>555</u>	<u>0</u>
Total - Operation of Non-Instructional Services:	<u>0</u>	<u>555</u>	<u>555</u>	<u>0</u>
Total Expenditures	<u>29,752</u>	<u>29,360</u>	<u>27,848</u>	<u>1,512</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>1,512</u>	<u>1,512</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>1,512</u>	<u>1,512</u>
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,512</u>	<u>\$ 1,512</u>

Beachwood City Schools
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Miscellaneous Federal Grants
For the Fiscal Year Ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Intergovernmental	\$ 950	\$ 4,024	\$ 4,024	\$ -
Total Revenues	<u>950</u>	<u>4,024</u>	<u>4,024</u>	<u>0</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular				
Salaries	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total - Regular	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Special				
Capital Outlay	<u>0</u>	<u>688</u>	<u>687</u>	<u>1</u>
Total - Special	<u>0</u>	<u>688</u>	<u>687</u>	<u>1</u>
Total - Instruction:	<u>0</u>	<u>3,688</u>	<u>3,687</u>	<u>1</u>
Support Services:				
Instructional Staff				
Purchased Services	<u>950</u>	<u>251</u>	<u>0</u>	<u>251</u>
Total - Instructional Staff	<u>950</u>	<u>251</u>	<u>0</u>	<u>251</u>
Total - Support Services:	<u>950</u>	<u>251</u>	<u>0</u>	<u>251</u>
Operation of Non-Instructional Services:				
Community Services				
Materials and Supplies	<u>0</u>	<u>85</u>	<u>84</u>	<u>1</u>
Total - Community Services	<u>0</u>	<u>85</u>	<u>84</u>	<u>1</u>
Total - Operation of Non-Instructional Services:	<u>0</u>	<u>85</u>	<u>84</u>	<u>1</u>
Total Expenditures	<u>950</u>	<u>4,024</u>	<u>3,771</u>	<u>253</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>253</u>	<u>253</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>253</u>	<u>253</u>
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>	<u>\$ 253</u>

Beachwood City Schools
Satatement of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Health Care Benefits
For the Fiscal Year Ended June 30, 2006

	<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	\$ -
Total Operating Revenues	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
OPERATING EXPENSES:				
Claims	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	<u>0</u>
Total Operating Expenses	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	<u>0</u>
Operating Income (Loss)	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>0</u>
Income (Loss) Before Contributions and Transfers	<u>(22,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>0</u>
Net Change in Net Assets	(22,000)	(22,000)	(22,000)	0
Net Assets (Deficit) at Beginning of Year	<u>101,862</u>	<u>101,862</u>	<u>101,862</u>	<u>0</u>
Net Assets (Deficit) at End of Year	<u>\$ 79,862</u>	<u>\$ 79,862</u>	<u>\$ 79,862</u>	<u>\$ -</u>

Statistical Section

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

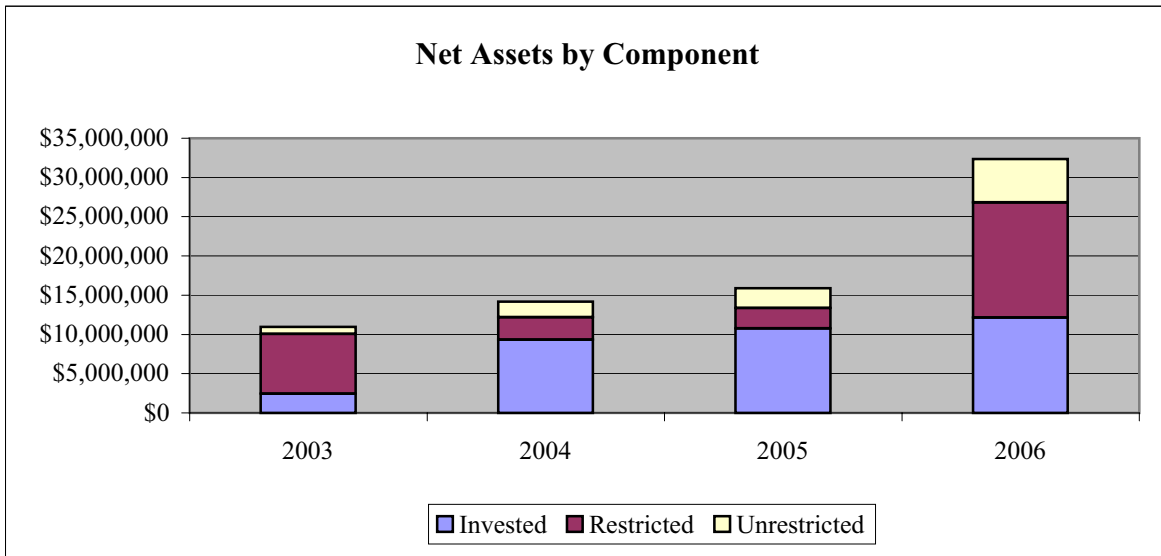
Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being has changed over time.	S3 - S11
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue, the property tax.	S12 - S17
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S18 – S23
Economic and Demographic Information This schedule offers economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	S24- S25
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S26 – S34

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The School District implemented GASB Statement No. 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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Beachwood City School District
 Net Assets by Component
 Last Four Fiscal Years (1)
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Invested in Capital Assets, Net of Related Debt	\$ 2,427,232	\$ 9,336,218	\$ 10,745,501	\$ 12,150,684
Restricted for:				
Debt Services	1,353,347	1,720,016	1,801,050	1,814,506
Capital Outlay	6,108,033	881,458	514,338	351,756
Other Purposes	49,787	114,876	149,446	190,089
Set Asides	134,873	134,873	134,873	134,873
Unrestricted	<u>876,587</u>	<u>2,011,674</u>	<u>2,556,168</u>	<u>5,569,139</u>
Total Net Assets	<u>\$ 10,949,859</u>	<u>\$ 14,199,115</u>	<u>\$ 15,901,376</u>	<u>\$ 20,211,047</u>



(1) Information prior to 2003 not available

Beachwood City School District
Changes in Net Assets of Governmental Activities
Last Four Fiscal Years (1)
(accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses				
Regular Instruction	\$10,648,385	\$11,054,568	\$10,041,085	\$10,778,243
Special Instruction	4,883,454	5,326,130	5,642,088	4,585,415
Vocational Instruction	1,083,365	989,488	924,719	1,022,011
Adult/Conintuing	187,370	182,946	222,285	171,353
Other Instruction	747,592	542,440	528,364	453,982
Pupils	2,683,123	3,003,113	2,916,828	2,688,550
Instructional Staff	996,497	792,912	999,100	971,811
Board of Education	361,428	392,751	424,172	284,394
Administration	2,291,977	2,307,273	2,467,679	2,398,216
Fiscal	821,105	784,491	748,653	696,353
Business	464,096	499,751	648,341	579,234
Operation and				
Maintenance of Plant	3,553,721	3,474,546	3,681,893	3,511,269
Pupil Transportation	1,795,090	1,787,938	1,984,406	1,764,492
Central	891,381	856,973	917,378	902,864
Non-instructional	823,543	739,588	689,308	683,080
Extracurricular Activities	885,704	942,705	957,096	944,606
Capital Outlay	0	0	0	647,931
Debt Service	798,353	863,055	937,935	1,027,560
<i>Total Expenses</i>	<u>\$33,916,184</u>	<u>\$34,540,668</u>	<u>\$34,731,330</u>	<u>\$34,111,364</u>
Program Revenues				
Charges for Services and Sales:				
Regular Instruction	331,181	336,667	308,869	252,383
Special Instruction	1,363,859	1,324,456	1,178,598	2,195,528
Vocational Instruction	379,573	335,213	303,005	545,984
Adult/Conintuing	187,370	173,326	174,026	153,725
Other Instruction	440,985	456,480	442,970	399,689
Pupils	379,618	878,026	871,605	14,869
Instructional Staff	515	2,586	988	1,795
Administration	0	15,232	8,963	0
Fiscal	39,238	58,949	3,598	1,759
Business	2,003	42,313	14,752	6,121
Operation and				
Maintenance of Plant	278,755	250,604	253,837	179,262
Pupil Transportation	50,308	70,677	41,402	40,968
Central	26,035	25,650	30,350	20,950
Food Service Operations	357,553	326,338	303,674	301,359
Community Services	2,382	882	0	0
Extracurricular Activities	78,176	86,449	66,766	66,948

Beachwood City School District
Changes in Net Assets of Governmental Activities
Last Four Fiscal Years (1)
(accrual basis of accounting)

	2006	2005	2004	2003
Operating Grants and Contributions:				
Regular Instruction	611,687	106,578	20,741	23,646
Special Instruction	838,165	531,704	343,732	634,823
Vocational Instruction	351,695	349,405	391,124	303,901
Pupils	207,123	331,928	378,760	143,719
Instructional Staff	7,048	50,490	61,511	31,531
Administration	7,389	6,505	6,971	7,629
Business	0	1,708	5,600	1,550
Pupil Transportation	499,063	487,841	1,578	0
Central	24,936	36,715	39,356	27,891
Food Service Operations	34,857	29,677	25,941	25,726
Community Services	239,028	230,662	146,106	155,779
Extracurricular Activities	250	6,400	0	0
Capital Grants and Contributions:				
Vocational Instruction	1,097	122	0	0
Pupil Transportation	6,261	6,910	7,467	15,370
Central	15,000	0	0	23,719
Total Program Revenues	6,761,150	6,560,493	5,432,290	5,576,624
Net Expenses	(\$27,155,034)	(\$27,980,175)	(\$29,299,040)	(\$28,534,740)
General Revenues				
Grants and Entitlements not				
Restricted to Specific Services	2,772,082	3,916,894	4,549,844	4,089,674
Investment Earnings	328,084	139,814	125,271	364,914
Miscellaneous	83,182	32,150	61,711	(140,595)
Property and Other Local Taxes	28,281,357	25,593,578	27,811,470	25,000,564
Total General Revenues	31,464,705	29,682,436	32,548,296	29,314,557
Change in Net Assets	\$4,309,671	\$1,702,261	\$3,249,256	\$779,817

(1) Information not presented in this format prior to 2003

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Beachwood City School District

Program Revenues by Source

Last Four Fiscal Years (1)

(accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues				
Charges for Services				
Regular Instruction	\$942,868	\$443,245	\$329,610	\$276,029
Special Instruction	2,202,024	1,856,160	1,522,330	2,830,351
Vocational Instruction	732,365	684,740	694,129	849,885
Adult/Conintuing	187,370	173,326	174,026	153,725
Other Instruction	440,985	456,480	442,970	399,689
Pupils	586,741	1,209,954	1,250,365	158,588
Instructional Staff	7,563	53,076	62,499	33,326
Administration	7,389	21,737	15,934	7,629
Fiscal	39,238	58,949	3,598	1,759
Business	2,003	44,021	20,352	7,671
Operation and				
Maintenance of Plant	278,755	250,604	253,837	179,262
Pupil Transportation	555,632	565,428	50,447	56,338
Central	65,971	62,365	69,706	72,560
Food Service Operations	392,410	356,015	329,615	327,085
Community Services	241,410	231,544	146,106	155,779
Extracurricular Activities	<u>78,426</u>	<u>92,849</u>	<u>66,766</u>	<u>66,948</u>
<i>Total Program Revenues</i>	<u><u>\$6,761,150</u></u>	<u><u>\$6,560,493</u></u>	<u><u>\$5,432,290</u></u>	<u><u>\$5,576,624</u></u>

(1) Information not presented in this format prior to 2003

Beachwood City School District
Fund Balances, Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund				
Reserved	\$4,052,527	\$4,800,334	\$4,557,332	\$3,706,404
Unreserved	<u>2,134,483</u>	<u>(1,112,119)</u>	<u>(1,015,196)</u>	<u>(1,020,226)</u>
<i>Total General Fund</i>	<u>6,187,010</u>	<u>3,688,215</u>	<u>3,542,136</u>	<u>2,686,178</u>
All Other Governmental Funds				
Reserved	591,542	1,130,455	1,227,655	6,497,343
Unreserved, Undesignated, Reported in:				
Special Revenues funds	575,599	484,569	412,994	324,954
Debt Service funds	1,273,916	1,036,533	997,295	837,863
Capital Projects funds	<u>126,348</u>	<u>39,995</u>	<u>261,146</u>	<u>(145,974)</u>
Total All Other Governmental Funds	<u>2,567,405</u>	<u>2,691,552</u>	<u>2,899,090</u>	<u>7,514,186</u>
<i>Total Governmental Funds</i>	<u><u>\$8,754,415</u></u>	<u><u>\$6,379,767</u></u>	<u><u>\$6,441,226</u></u>	<u><u>\$10,200,364</u></u>

(continued)

Beachwood City School District
Fund Balances, Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

2002	2001	2000	1999	1998	1997
\$3,680,936	\$2,325,915	\$2,095,574	\$2,424,648	\$2,210,927	\$1,067,097
157,538	1,278,414	1,951,234	2,430,382	1,917,374	1,867,331
3,838,474	3,604,329	4,046,808	4,855,030	4,128,301	2,934,428
2,097,283	1,738,416	300,409	716,315	1,889,931	392,460
91,596	271,591	277,736	113,763	64,482	24,369
497,067	736,138	649,499	580,778	484,592	561,849
(829,197)	3,885,555	(2,592,695)	(3,516,822)	(3,973,593)	28,935
1,856,749	6,631,700	(1,365,051)	(2,105,966)	(1,534,588)	1,007,613
<u>\$5,695,223</u>	<u>\$10,236,029</u>	<u>\$2,681,757</u>	<u>\$2,749,064</u>	<u>\$2,593,713</u>	<u>\$3,942,041</u>

Beachwood City School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002
General Revenues					
Property and Other Local Taxes	\$27,807,938	\$25,307,928	\$27,589,977	\$24,239,246	\$24,352,420
Intergovernmental	5,597,211	6,093,461	6,142,734	5,261,381	3,661,088
Interest	332,199	140,974	125,949	365,761	402,251
Tuition and Fees/Rent	3,015,130	3,369,859	3,161,659	3,424,098	568,401
Miscellaneous Revenue from Local Sources	988,963	1,003,425	931,549	793,879	153,875
<i>Total Revenues</i>	<u>\$37,741,441</u>	<u>\$35,915,647</u>	<u>\$37,951,868</u>	<u>\$34,084,365</u>	<u>\$29,138,035</u>
Expenditures					
Instruction	\$16,731,136	\$17,300,556	\$18,098,823	\$16,678,096	\$12,844,431
Support Services:					
Pupil	2,623,983	3,074,384	2,858,960	2,614,236	1,636,458
Instructional Staff	940,566	788,195	941,951	966,523	1,082,394
Board of Education	338,636	369,854	401,284	263,595	294,226
Administration	2,367,189	2,291,300	2,487,798	2,466,060	2,235,020
Fiscal	808,530	769,006	754,590	688,430	714,044
Business	485,869	479,302	668,183	580,659	634,439
Operation and Maintenance of Plant	3,482,866	3,415,354	3,538,967	3,491,718	3,374,674
Pupil Transportation	1,785,440	1,821,183	1,871,614	1,646,430	1,525,891
Central	1,239,852	1,077,752	983,114	1,029,550	748,401
Non-instructional	765,582	694,863	633,396	626,473	179,397
Extracurricular Activities	850,200	911,114	918,184	932,594	808,626
Capital Outlay	297,650	400,279	4,900,809	11,379,293	5,012,396
Debt Service:					
Principal	2,050,000	2,014,960	2,293,959	1,549,000	2,084,000
Interest	814,303	878,965	939,886	1,110,098	634,072
<i>Total Expenditures</i>	<u>35,581,802</u>	<u>36,287,067</u>	<u>42,291,518</u>	<u>46,022,755</u>	<u>33,808,469</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,159,639</u>	<u>(371,420)</u>	<u>(4,339,650)</u>	<u>(11,938,390)</u>	<u>(4,670,434)</u>
Other Financing Sources/(Uses)					
Operating Transfers In	283,214	205,500	270,709	310,800	270,400
General Obligation Bonds Issued	0	0	0	18,814,982	0
Proceed from Sale of Bonds	0	0	0	0	0
Proceeds from Sale of Fixed Assets	11,325	41,632	7,850	8,900	2,320
Inception of Capital Lease	203,684	268,329	583,198	214,273	400,175
Other Financing Sources	0	0	0	503,415	0
Operating Transfers Out	(283,214)	(205,500)	(270,709)	(315,574)	(543,267)
Refund of Prior Year Expenditures/Receipts	0	0	(10,536)	(1,666)	0
Advanced Refunding of Bonds	0	0	0	(3,192,846)	0
	<u>215,009</u>	<u>309,961</u>	<u>580,512</u>	<u>16,342,284</u>	<u>129,628</u>
<i>Net Changes in Fund Balances</i>	<u>\$2,374,648</u>	<u>(\$61,459)</u>	<u>(\$3,759,138)</u>	<u>\$4,403,894</u>	<u>(\$4,540,806)</u>
Debt Services as a percentage of Noncapital expenditures	8.12%	8.06%	8.65%	7.68%	9.44%

2001	2000	1999	1998	1997
\$23,502,664	\$21,002,499	\$20,719,786	\$19,449,366	\$18,175,790
3,395,422	3,243,150	3,005,697	2,860,399	2,639,869
878,815	508,082	507,979	601,658	367,995
689,572	184,932	119,779	271,174	319,637
<u>280,077</u>	<u>144,987</u>	<u>134,283</u>	<u>184,189</u>	<u>326,366</u>
<u>\$28,746,550</u>	<u>\$25,083,650</u>	<u>\$24,487,524</u>	<u>\$23,366,786</u>	<u>\$21,829,657</u>
\$12,605,104	\$11,113,420	\$10,388,348	\$9,860,319	\$9,143,945
1,516,119	1,300,244	1,273,637	1,376,326	1,373,997
1,061,254	1,001,575	877,895	852,345	839,080
373,165	592,182	286,573	231,410	223,210
2,330,887	2,033,370	2,044,858	1,792,529	1,688,657
673,265	703,634	654,159	598,323	608,885
605,469	595,903	470,691	490,540	451,768
3,479,271	3,141,249	2,880,359	2,553,557	2,593,216
1,593,911	1,331,368	1,278,456	1,248,385	1,246,916
956,460	775,876	704,400	785,870	546,753
170,435	149,758	169,705	127,888	128,952
644,800	504,065	465,447	459,801	387,467
877,418	801,860	1,915,511	3,672,916	505,973
1,675,000	586,000	362,000	267,200	220,200
721,940	508,285	567,436	539,841	409,640
<u>29,284,498</u>	<u>25,138,789</u>	<u>24,339,475</u>	<u>24,857,250</u>	<u>20,368,659</u>
<u>(537,948)</u>	<u>(55,139)</u>	<u>148,049</u>	<u>(1,490,464)</u>	<u>1,460,998</u>
180,000	191,488	145,695	78,000	87,353
0	0		0	0
0	127,000	93,000	110,000	118,000
3,140	715	870	9,286	0
0	0		0	0
0	0		0	0
(450,920)	(331,371)	(282,773)	(198,600)	(188,578)
0	0	50,510	136,592	0
0			0	0
<u>(267,780)</u>	<u>(12,168)</u>	<u>7,302</u>	<u>135,278</u>	<u>16,775</u>
<u>(\$805,728)</u>	<u>(\$67,307)</u>	<u>\$155,351</u>	<u>(\$1,355,186)</u>	<u>\$1,477,773</u>
8.44%	4.50%	4.14%	3.81%	3.17%

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

Collection Year	Real Estate		Tangible Personal		Total Real/Personal Property		Direct Property Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2006	\$679,670,070	\$1,941,914,485	\$64,658,652	\$237,250,537	\$744,328,722	\$2,179,165,022	86.60
2005	686,967,660	1,955,623,608	52,508,168	210,032,672	739,475,828	2,165,656,280	80.70
2004	695,539,230	1,985,157,689	59,598,455	238,393,820	755,137,685	2,223,551,509	80.50
2003	631,058,390	1,807,582,184	72,216,204	288,864,816	703,274,594	2,096,447,000	80.50
2002	635,127,740	1,777,893,018	77,360,149	309,440,596	712,487,889	2,087,333,614	69.30
2001	624,841,070	1,760,134,036	73,392,504	293,570,016	698,233,574	2,053,704,052	69.30
2000	557,294,010	1,560,813,961	68,012,471	272,049,884	625,306,481	1,832,863,845	69.50
1999	547,253,530	1,528,610,445	64,860,358	259,441,432	612,113,888	1,788,051,877	69.70
1998	525,888,420	1,469,939,277	53,657,332	214,629,328	579,545,752	1,684,568,605	68.50
1997	488,590,370	1,361,512,396	48,897,801	195,591,204	537,488,171	1,557,103,600	69.10

Note: Property in Cuyahoga County is reappraised once every six years with a State mandated update of the current market in the third year after reappraisal

*Assessed valuation for real property is based upon 35 percent of estimated true value set by county appraisal, and is 23 percent of listed true value for tangible personal property and 88 percent for public utility property.

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
2005/2006	83.50	20.30	4.00	107.80	3.10	0.98	4.08
2004/2005	77.60	20.30	4.00	101.90	3.10	0.88	3.98
2003/2004	77.50	19.40	4.00	100.90	3.00	0.91	3.91
2002/2003	77.50	17.60	4.00	99.10	3.00	0.86	3.86
2001/2002	67.90	17.60	4.00	89.50	1.40	0.86	2.26
2000/2001	67.90	17.60	4.00	89.50	1.40	0.79	2.19
1999/2000	68.00	16.70	4.00	88.70	1.50	0.85	2.35
1998/1999	68.10	16.70	4.00	88.80	1.60	0.72	2.32
1997/1998	67.50	18.00	4.00	89.50	1.00	0.60	1.60
1996/1997	67.80	18.00	4.00	89.80	1.30	0.90	2.20

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 Levies and Collections
Real and Personal Property Taxes (1)
Last Ten Calendar Years

Tax Year/ Collection Year	Current		Delinquent		Total		Percent of		Total Collected	
	Levy	Collection	Levy	Collection	Levy	Collection	Current Levy Collected	Delinquent Collection	Total Collection	As a Percent of Current Levy
2005/2006	\$34,410,291	\$30,187,583	\$3,754,690	\$680,156	\$38,164,981	\$30,867,739	87.73%			89.7%
2004/2005	30,107,604	27,513,823	2,913,528	742,933	33,021,132	28,256,756	91.38%			93.9%
2003/2004	30,327,678	28,239,734	2,136,544	893,478	32,464,222	29,133,212	93.12%			96.1%
2002/2003	30,062,190	26,350,939	1,842,359	380,546	31,904,549	26,731,485	87.65%			88.9%
2001/2002	25,229,116	23,490,605	2,485,421	1,334,269	27,714,537	24,824,874	93.11%			98.4%
2000/2001	24,043,459	22,496,799	1,313,444	1,468,741	25,356,903	23,965,540	93.57%			99.7%
1999/2000	23,369,923	22,756,093	1,153,949	662,490	24,523,872	23,418,583	97.37%			100.2%
1998/1999	22,044,802	21,118,474	1,163,401	752,386	23,208,203	21,870,860	95.80%			99.2%
1997/1998	20,900,491	19,998,904	1,244,733	599,164	22,145,224	20,598,068	95.69%			98.6%
1996/1997	18,596,070	18,100,987	1,236,807	643,217	19,832,877	18,744,204	97.34%			100.8%

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
Principal Property Taxpayers
Real Estate Tax
December 31, 2005 and December 31, 1996

December 31, 2005			
Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation (1)
Beachwood Place Limited	Mall	\$53,775,690	15.37%
Bracebridge Corp.	Retail	38,310,450	10.95%
Cleveland Clinic	Health Care	13,373,470	3.82%
Hamptons Apartment	Apartments	10,846,510	3.10%
Doublewood Corp.	Hotel	10,770,100	3.08%
Village Green of Beachwood	Condominiums	8,834,360	2.52%
Four Seasons Apartments	Hotel	7,676,000	2.19%
RLJ Beachwood	Hotel	6,475,630	1.85%
HCRI Beachwood Inc	Hotel	6,421,910	1.84%
Signature Square Spec, LLC	Retail	6,211,570	1.78%
		<u>\$162,695,690</u>	<u>46.50%</u>
Total Commercial Valuation		<u>\$349,916,770</u>	

December 31, 1996			
Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Assessed Valuation (1)
Beachwood Place Limited	Mall	\$14,000,000	6.20%
MBNA	Banking	10,947,170	4.84%
Mark IV	Apartments	10,288,360	4.55%
Village Greens	Apartments	9,797,770	4.34%
GSK Associates	Office buildings	6,300,010	2.79%
Boykin Hotels	Hotel	5,958,750	2.64%
Embassy Equity Development Corp	Hotel	4,970,000	2.20%
Beachwood Care Center	Unknown	4,620,000	2.04%
Porter Properties	Office buildings	4,155,560	1.84%
La Place Center	Retail	4,059,020	1.80%
		<u>\$75,096,640</u>	<u>33.23%</u>
Total Commercial Valuation		<u>\$225,986,570</u>	

Source: Cuyahoga County Auditor

Beachwood City School District
Principal Property Taxpayers
Tangible Personal Property Tax
December 31, 2005 and December 31, 1996

		December 31, 2005	
Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Tangible Personal Property Valuation
The Higbee Company	Retail sales	\$2,980,850	5.85%
Nordstrom Inc.	Retail sales	2,760,770	5.41%
Crestmont Cadillac	Car dealership	2,604,700	5.11%
Saks Fifth Avenue	Retail sales	1,772,030	3.47%
Hexagram Inc.	Retail sales	1,580,970	3.10%
De Lage Landed Services LLC	Service	1,546,660	3.03%
Tremco	Roofing	1,521,860	2.98%
Engelhard Corp.	Research & Development	945,860	1.85%
DeGussa Construction Chemicals	Construction	848,850	1.66%
Officemax, Inc.	Retail sales	845,940	1.66%
Developers Diversified	Advertisement	840,210	1.65%
Tops Market LLC	Grocery	787,650	1.54%
Total		\$19,036,350	37.33%
Total Tangible Personal Property Valuation		\$50,996,952	

		December 31, 1996	
Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Tangible Personal Property Valuation
The Higbee Company	Retail sales	\$2,481,510	5.07%
Decimus	Unkown	2,164,490	4.43%
MBNA Ohio Properties, Inc.	Banking	2,097,990	4.29%
Tremco	Roofing	1,411,170	2.89%
Crestmont Cadillac	Auto sales	1,365,724	2.79%
Saks Fifth Avenue	Retail sales	1,339,800	2.74%
Master Builders	Concrete additives	1,258,390	2.57%
Nook Industries	Fasteners	982,480	2.01%
First National Supermarkets	Grocery	877,590	1.79%
CompUSA, Inc.	Retail sales	867,220	1.77%
Total		\$14,846,364	30.36%
Total Tangible Personal Property Valuation		\$48,897,801	

Source: Cuyahoga County Auditor

Beachwood City School District
Principal Property Taxpayers
Public Utility Tax
December 31, 2005 and December 31, 1996

		December 31, 2004	
Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Tangible Personal Property Valuation
Cleveland Electric Illuminating	Electric Utility	\$7,283,950	53.32%
Ohio Bell	Telephone	3,944,440	28.87%
New Cingular Wireless	Telephone	883,560	6.47%
American Transmission System	Telephone	548,200	4.01%
New Par		532,450	3.90%
Total		<u>\$13,192,600</u>	<u>96.57%</u>
Total Tangible Personal Property Valuation		<u>\$13,661,700</u>	

		December 31, 1995	
Name of Taxpayer	Nature of Business	Assessed Valuation	% of Total Tangible Personal Property Valuation
Cleveland Electric Illuminating	Electric Utility	\$9,831,860	49.10%
Ohio Bell	Telephone	7,490,680	37.41%
Total		<u>\$17,322,540</u>	<u>86.51%</u>
Total Tangible Personal Property Valuation		<u>\$20,025,830</u>	

Source: Cuyhoga County Auditor

Beachwood City School District
All Outstanding Debt
Last Ten Years

Year	Gross General Bonded Debt	Notes Outstanding	Leases	Total
2006	\$14,599,982	3,435,000	\$216,448	\$18,251,430
2005	16,060,022	4,025,000	388,021	20,473,043
2004	17,509,982	4,620,000	468,228	22,598,210
2003	18,889,982	5,200,000	539,556	24,629,538
2002	3,859,000	9,814,000	433,654	14,106,654
2001	4,558,000	11,898,000	n/a	16,456,000
2000	5,213,000	13,573,000	n/a	18,786,000
1999	5,672,000	9,377,220	n/a	15,049,220
1998	5,941,000	10,341,000	n/a	16,282,000
1997	5,980,000	9,598,000	n/a	15,578,000

(1) Source: Beachwood City Schools

Beachwood City School District
 Computation of Direct and Overlapping Debt
 General Obligation
 As of December 31, 2005

<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	\$14,599,982	100.00%	\$14,599,982
<i>Overlapping Debt:</i>			
Cuyahoga County	231,365,971	2.41%	5,575,920
Regional Transit Authority	139,790,000	2.41%	3,368,939
City of Beachwood	19,351,000	99.67%	19,287,142
City of Pepper Pike	9,065,681	0.33%	29,917
Total Overlapping Debt	<u>399,572,652</u>		<u>28,261,918</u>
Total Debt	<u><u>\$414,172,634</u></u>		<u><u>\$42,861,900</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 2005 collection year.

Beachwood City School District

Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years

Year	Gross General Bonded Debt	Less Bond Retirement Fund	Net General Bonded Debt	Assessed Value	Population (1)	Ratio of Net Debt to Assessed Value	Net General Bonded Debt Per Capita
2006	\$14,599,982	\$1,273,916	\$13,326,066	\$744,328,722	12,186	1.79%	\$1,094
2005	16,060,022	1,036,533	15,023,489	739,475,828	12,186	2.03%	\$1,233
2004	17,509,982	1,638,443	15,871,539	755,137,685	12,186	2.10%	1,302
2003	18,889,982	1,305,760	17,584,222	703,274,594	12,186	2.50%	1,443
2002	3,859,000	955,728	2,903,272	712,487,889	12,186	0.41%	238
2001	4,558,000	1,039,085	3,518,915	698,233,574	12,186	0.50%	289
2000	5,213,000	739,024	4,473,976	625,306,481	12,186	0.72%	367
1999	5,672,000	662,489	5,009,511	612,113,888	10,677	0.82%	469
1998	5,941,000	521,562	5,419,438	579,545,772	10,677	0.94%	508
1997	5,980,000	90,045	5,889,955	537,488,171	10,677	1.10%	552

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Beachwood City School District
 Computation of Legal Debt Margin
 Last Ten years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Assessed Valuation	<u>\$744,328,722</u>	<u>\$739,475,828</u>	<u>\$755,137,685</u>	<u>\$703,274,594</u>
Bonded Debt Limit - 9% of Assessed Value (1)	\$66,989,585	\$66,552,825	\$67,962,392	\$63,294,713
Amount of Debt Applicable to Debt Limit:				
Bonded Debt	14,599,982	16,060,022	17,509,982	18,814,982
Less Bond Retirement Fund	1,273,916	1,036,533	1,638,443	1,305,760
Net General Bonded Debt	13,326,066	15,023,489	15,871,539	17,509,222
Voted Debt Margin	<u>\$52,389,603</u>	<u>\$50,492,803</u>	<u>\$50,452,410</u>	<u>\$44,479,731</u>
Ratio of Legal Debt Margin to Assessed Values	1.79%	2.03%	2.10%	2.49%
Bonded Debt Limit - .1% of Assessed Value (1)	\$744,329	\$739,476	\$755,138	\$703,275
Unvoted Debt Margin	<u>\$744,329</u>	<u>\$739,476</u>	<u>\$755,138</u>	<u>\$703,275</u>

(continued)

Source: Cuyahoga County Auditor

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

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
<u>\$712,487,889</u>	<u>\$698,233,574</u>	<u>\$625,306,481</u>	<u>\$612,113,888</u>	<u>\$579,545,772</u>	<u>\$537,488,171</u>
\$64,123,910	\$62,841,022	\$56,277,583	\$55,090,250	\$52,159,119	\$48,373,935
19,465,000	4,320,000	4,885,000	5,415,000	5,735,000	5,980,000
955,728	1,039,085	739,024	662,489	521,562	90,045
18,509,272	3,280,915	4,145,976	4,752,511	5,213,438	5,889,955
<u>\$44,658,910</u>	<u>\$58,521,022</u>	<u>\$51,392,583</u>	<u>\$49,675,250</u>	<u>\$46,424,119</u>	<u>\$42,393,935</u>
2.60%	0.47%	0.66%	0.78%	0.90%	1.10%
\$712,488	\$698,234	\$625,306	\$612,114	\$579,546	\$537,488
<u>\$712,488</u>	<u>\$698,234</u>	<u>\$625,306</u>	<u>\$612,114</u>	<u>\$579,546</u>	<u>\$537,488</u>

Beachwood City School District
Demographic and Economic Statistics
Last Eight Years (4)

Year	Population (1)	Average Federal Adjusted Gross Income	Median Ohio Adjusted Gross Income (2)	Per Capita Personal Income	Cuyahoga County Unemployment Rate (3)
2004	12,186	\$106,109	\$46,338	n/a	6.2
2003	12,186	100,111	\$43,738	n/a	6.2
2002	12,186	94,108	41,737	n/a	6.6
2001	12,186	91,434	42,275	n/a	4.6
2000	12,186	97,658	45,087	n/a	4.5
1999	10,677	94,267	44,568	n/a	4.5
1998	10,677	103,778	44,302	n/a	4.5
1997	10,677	91,193	41,285	n/a	5.8

Source:

- (1) Federal Census
- (2) Ohio Department of Taxation
- (3) City of Beachwood
- (4) Information not available prior to 1997

Beachwood City School District
Principal Employers
December 31, 2005

Employer	Type of Business	Number of Employees
MBNA	Regional Customer Service	3,061
Menorah Park Center	Skilled Nursing Homes	1,407
Developer's Diversified Realty	Real Estate Agency	539
Cleveland Clinic Foundation	Health Care	479
Beachwood City School District	Public Education	403
Tremco	Roofing	293
Lamson & Sessions	n/a	196
Brulant Inc	n/a	183
Medical Mutual of Ohio	Insurance	181
National City Bank	Banking	138
Total		<u>6,880</u>
Total employment within the School District		<u>n/a</u>

Source: Regional Income Tax Agency and City of Beachwood

n/a - Information not available

Beachwood City School District
 Building Statistics by Function/Program
 Current Fiscal Year

Fairmount Elementary School

Constructed in 1998	
Total Building Square Footage	26,987
* Enrollment Grades PreK - K	96
Student Capacity	220
Regular Instruction Classrooms	8
Regular Instruction Teachers	7
Special Instruction Classrooms	3
Special Instruction Teachers	2.5
% of students who receive free/reduced lunch	6.32%
* Only includes special ed. Pre-k	

Bryden Elementary School

Constructed in 1958	
Additions in 1991 and 2002	
Total Building Square Footage	50,289
Enrollment Grades 1 - 3	278
Student Capacity	510
Regular Instruction Classrooms	13
Regular Instruction Teachers	13
Special Instruction Classrooms	3
Special Instruction Teachers	3.0
% of students who receive free/reduced lunch	6.86%

Hilltop Elementary School

Constructed in 1957	
Addition in 2002	
Total Building Square Footage	51,200
Enrollment Grades 4 - 6	302
Student Capacity	731
Regular Instruction Classrooms	16
Regular Instruction Teachers	16
Special Instruction Classrooms	3
Special Instruction Teachers	4.0
% of students who receive free/reduced lunch	6.99%

Beachwood Middle School

Constructed in 2003	
Total Building Square Footage	98,000
Enrollment Grades 7 - 8	253
Student Capacity	560
Regular Instruction Classrooms	27
Regular Instruction Teachers	27
Special Instruction Classrooms	3
Special Instruction Teachers	2.0
% of students who receive free/reduced lunch	4.94%

Beachwood High School

Constructed in 1958	
Additions in 2002 and 2003	
Total Building Square Footage	208,509
Enrollment Grades 9 - 12	647
Student Capacity	1,180
Regular Instruction Classrooms	40
Regular Instruction Teachers	45
Special Instruction Classrooms	6
Special Instruction Teachers	7.0
% of students who receive free/reduced lunch	4.93%

Beachwood City School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures (1)</u>	<u>Average Daily Membership (2)</u>	<u>Per Pupil Cost</u>	<u>Percentage Change</u>
2006	\$27,071,093	1,517	\$17,845	0.13%
2005	27,462,681	1,541	17,821	-3.76%
2004	28,498,892	1,539	18,518	1.90%
2003	27,641,345	1,521	18,173	10.91%
2002	24,922,718	1,521	16,386	6.09%
2001	25,144,577	1,628	15,445	7.58%
2000	22,596,789	1,574	14,356	7.49%
1999	20,687,836	1,549	13,356	4.91%
1998	19,450,937	1,528	12,730	1.06%
1997	18,566,331	1,474	12,596	3.17%

Source: School District Financial Records

(1) Excludes other financing sources

(2) Excludes preschool enrollment

Beachwood City School District
 Attendance and Graduation Rates
 Last Nine School Years (1)

<u>Fiscal Year</u>	<u>Beachwood Attendance Rate</u>	<u>State Average</u>	<u>Beachwood Graduation Rate</u>	<u>State Average</u>
2006	96.1%	94.1%	99.3%	86.2%
2005	96.2	94.3	97.9	85.9
2004	96.5	94.5	97.3	84.3
2003	95.6	94.5	97.2	83.9
2002	96.3	94.3	97.2	82.8
2001	96.8	93.9	97.6	81.2
2000	95.8	93.6	96.9	80.7
1999	95.4	93.5	97.2	81.4
1998	94.5	93.9	97.8	79.9

Source: Ohio Department of Education Local Report Cards
 (1) Information not available prior to 1998

Beachwood City School District
School District Employees by Function/Program
Last Two Fiscal Year (1)

Function/Program	2006	2005
Regular Instruction		
Preschool Classroom Teachers	3.00	3.00
Elementary Classroom Teachers	56.45	64.50
High School Classroom Teachers	37.50	34.00
Special Instruction		
Preschool Special Ed.	1.67	1.67
ELS Classroom Teachers	8.40	6.00
Language Delayed	2.00	2.00
Multi-Handicapped	3.00	2.00
Deaf/Hard of Hearing	4.00	4.00
Special Ed Assistants	31.50	32.00
Gifted Education Teachers	4.00	6.00
Vocational Instruction		
High School Classroom Teachers	5.00	5.00
Pupil Support Services		
Guidance Counselors	6.00	6.00
Librarians	4.00	3.00
Psychologists	3.00	3.00
Speech & Lang Pathologists	5.20	4.00
Nurses	3.00	3.00
Educational Interpreters	12.00	13.00
Occupational Therapist	0.80	1.00
Tutors	4.03	
Administrators		
Elementary	4.00	4.00
High School	3.00	3.00
Operation of Plant		
Cleaners	10.60	11.00
Custodians	11.00	11.00
Maintenance	5.00	5.00
Pupil Transportation		
Bus Drivers	23.00	24.00
Mechanics	2.00	2.00
Food Service Program		
High School Cooks	3.00	3.00
Food Service Worker	3.75	4.00
Totals	<u>259.90</u>	<u>260.17</u>

(1) Information not available prior to 2005

Beachwood City School District
 Full-Time Equivalent School District Teachers by Education
 Last Three Fiscal years (1)

Degree	2006	2005	2004
Beachelor's Degree	11	11	11
Bachelor+ 12	6	8	10
Beachelor + 24	17	15	17
Beachelor + 30	4	4	5
Master's Degree	79	79	84
Master + 12	14	14	15
Master + 24	10	10	5
Master + 36	9	9	9
Master + 60	<u>12</u>	<u>12</u>	<u>17</u>
Total	<u><u>162</u></u>	<u><u>162</u></u>	<u><u>173</u></u>

Source: School District Records
 (1) Information not available prior to 2004

Beachwood City School District
 Enrollement Statistics
 Last Ten Fiscal Years

Fiscal Year	Elementary Schools	Middle School/ High School	Total
2006	676	900	1,576
2005	725	880	1,605
2004	687	909	1,596
2003	676	902	1,578
2002	661	882	1,543
2001	779	883	1,662
2000	768	841	1,609
1999	838	838	1,676
1998	830	843	1,673
1997	801	790	1,591
1996	864	782	1,646

Source: Beachwood City Schools EMIS records

Beachwood City School District
 ACT Composite Scores
 Last Eight School Years (1)

School Year	Number of Test Takers	Number of Seniors	Beachwood Composite	Ohio Composite	National Composite
2006	197	116	23.6	21.5	21.1
2005	197	97	24.5	21.4	20.9
2004	198	101	25.4	21.4	20.9
2003	203	102	24.2	21.4	20.8
2002	191	89	23.3	21.4	20.8
2001	162	73	25.1	21.4	21.0
2000	169	96	23.6	21.4	21.0
1999	190	94	24.4	21.4	21.0

Source: High School Guidance Department
 Beachwood City School District
 (1) Information not available prior to 1999

Beachwood City School District
SAT Composite Scores
Last Eight School Years (1)

School Year	Number of Senior Test Takers	Beachwood		Ohio		National		Beachwood		Ohio		National	
		Reading/Verbal*	Math	Reading/Verbal*	Math	Reading/Verbal*	Math	Reading/Verbal*	Math	Reading/Verbal*	Math	Reading/Verbal*	Math
2006	76	557	573	535	503	544	518	573	544	518	573	521	497
2005	96	575	604	539	508	543	520	604	543	520	n/a	n/a	n/a
2004	99	587	577	538	508	542	518	577	542	518	n/a	n/a	n/a
2003	111	562	580	536	507	541	519	580	541	519	n/a	n/a	n/a
2002	113	549	556	533	504	540	516	556	540	516	n/a	n/a	n/a
2001	83	563	577	534	506	539	514	577	539	514	n/a	n/a	n/a
2000	106	537	546	533	505	539	514	546	539	514	n/a	n/a	n/a
1999	109	560	577	534	505	538	511	577	538	511	n/a	n/a	n/a

Source: High School Guidance Department
 Beachwood City School District
 * Verbal scores School years 1999 - 2005, Reading Scores School Year 2006
 (1) Information not available prior to 1999

Beachwood City School District
Average Number of Students per Teacher
Last Ten School Years

Fiscal Year	Beachwood Average	State Average
2006	14.1	18.6
2005	12.3	18.5
2004	12.3	18.5
2003	10.0	16.5
2002	10.7	16.9
2001	11.1	18.0
2000	11.9	18.1
1999	12.1	18.6
1998	12.9	20.4
1997	12.9	20.7

Source: Ohio Department of Education, Local Report Card



Mary Taylor, CPA
Auditor of State

BEACHWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 6, 2007