

**Chagrin Falls
Exempted Village
School District**

* * *

Report Letters

June 30, 2006



Mary Taylor, CPA
Auditor of State

Board of Education
Chagrin Falls Exempted Village School District
400 East Washington Street
Chagrin Falls, Ohio 44022

We have reviewed the *Independent Auditor's Report* of the Chagrin Falls Exempted Village School District, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 16, 2007

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CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 23, 2006

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

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

We have audited the financial statements of Chagrin Falls Exempted Village School District as of and for the year ended June 30, 2006, and have issued our report thereon dated October 23, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Chagrin Falls Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters that we have reported to management of Chagrin Falls Exempted Village School District in a separate letter dated October 23, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chagrin Falls Exempted Village School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that we have reported to management of Chagrin Falls Exempted School District in a separate letter dated October 23, 2006.

The Board of Education
Independent Auditor's Report on Internal Control
Page 2

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

Rea & Associates, Inc.

***Chagrin Falls Exempted Village
School District***

Chagrin Falls, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Chagrin Falls, Ohio Exempted Village School District

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Prepared by

Treasurer's Office
Stephen L. Osborne, CPA
Treasurer

**INTRODUCTORY
SECTION**

Chagrin Falls Exempted Village School District
Comprehensive Annual Financial Report
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Chagrin Falls Exempted Village Schools

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Treasurer/CFO

October 23, 2006

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

We are pleased to submit to you the Chagrin Falls Exempted Village School District's Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the School District for the fiscal year ended June 30, 2006. This CAFR includes an audit opinion from the independent accounting firm of Rea & Associates, Inc. and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Chagrin Falls Exempted Village School District with comprehensive financial data in a format of which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the local villages and cities comprising the School District, the Cuyahoga and Geauga County Public Libraries, major taxpayers, financial rating services, and other interested parties.

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

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

The School District

The Chagrin Falls Exempted Village School District is located in both Cuyahoga and Geauga counties in northeastern Ohio, approximately thirteen miles east of the City of Cleveland. The School District's territory encompasses the entire territory of Chagrin Falls Township and the Villages of Chagrin Falls, Bentleyville, South Russell, and a portion of the territories of the Village of Moreland Hills and the Townships of Bainbridge and Russell. The School District operates one elementary school (built in 1968 – PreK – grade 3), one intermediate school (built in 1938 – grades 4-6), one middle school (built in 1999 – grades 7-8) and a high school (built in 1960 – grades 9-12). Current enrollment (for the 2005-2006 school year) was 1,956, and enrollment projections show that enrollment will remain steady over the next ten years (no substantial growth or reductions).

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

The Reporting Entity

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

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

Major Initiatives

The 2005-2006 school year was another exceptional year for the Chagrin Falls Exempted Village School District. The Ohio Department of Education published its rating of school districts based upon academic performance. Once again, the School District maintained its *Excellent* rating on the Ohio Department of Education Report Card. This acknowledgment is awarded to those districts meeting or exceeding 17 of the 18 performance standards determined by the State. The School District has earned an *Excellent* rating for the past eight years and was recognized by the State Board of Education for this outstanding feat.

During the 2005-2006 school year, construction continued on a variety of capital projects financed by the 1.4 mill bond issue (providing \$9,950,000) approved by district residents in May 2005. The Intermediate School roof replacement and the Harris Stadium field project were completed in time for the start of the 2004-2005 school year, and more than 600 uses of the field have been logged prior to the field's first anniversary. Other projects, including the construction/furnishing of a new auditorium (765 seats to be located on the 7-12 campus), refurbishing the high school kitchen/commons restrooms, technology upgrades (including safety, network and telephone upgrades), and the renovation of the stadium restrooms will be completed by the end of the summer 2007. Additional capital projects (masonry, plumbing and HVAC repairs) will be phased-in upon the completion of current on-going projects.

Gurney Elementary School continues to be the foundation for our students' base of learning. Over 600 students in Preschool, Kindergarten, First, Second, and Third Grades attended Gurney Elementary during the 2005-2006 school year. The Responsive Classroom Program (introduced during the 2004-2005 school year) continued to grow in strength as new staff was taught by veteran staff how to implement the components: morning meeting, rules and logical consequences, guided discovery, academic choice, classroom organization and parent connections. As a result of the Responsive Classroom Program, each classroom adopted a bus driver in the fall. Bus drivers attended morning meetings, corresponded with students throughout the year, and even visited for lunch or a special treat on occasion. This connection to our bus drivers helped to create a better climate and behavior on our bus routes. Other noteworthy projects initiated during this school year included a blood drive for the Red Cross called "Pint-sized Heroes" and the creation of a recycling program in the school.

The Intermediate School houses our district's fourth, fifth and sixth graders. Several initiatives enhanced the instruction and curriculum at the Intermediate School during the 2005-2006 school year. The staff focused on utilizing the ESIS (Electronic Student Information System) program to examine test data. This program gave teachers the ability to do a question analysis on all previous Proficiency and Achievement tests to see exactly why students missed particular questions on these tests. It also gave teachers the ability to re-roster students from previous years to their current students in each subject strand. This component allowed teachers the opportunity to modify curriculum and instruction to meet the needs of each individual student. In addition to this program, the Intermediate School implemented the Responsive Classroom Program, extending this innovative program beyond Gurney Elementary School to combine social learning with academic learning. Finally, the creation of a new playground (with the assistance of the Chagrin Falls Dads' Club) was also a highlight of this school year. Several new pieces of playground equipment were purchased and installed (over eighty dads volunteered over three weekends), providing more opportunities for social growth and development.

The Middle School (seventh and eighth graders) continued to provide an array of education opportunities to students through the offering of 45 class selections including computer science, modular technology, drama, foreign languages, music, and art and consumer science. An emphasis on high academic standards, exploratory courses, individualized instruction and small student-to-teacher ratios contributed to providing a challenging and rewarding environment. Students took the first Ohio Achievement test in seventh and eighth grade mathematics and reading. 89% of the seventh grade and 99% of the eighth grad students received the rating of proficient or higher on the mathematics test, while 98% of the seventh graders and 97% of eighth graders were proficient or higher on the reading test. All seventh grade science students participated in "Operation Montserrat" – a distance learning simulation that provided a high tech experience with math and science. Students also participated in two nationwide programs for talented youth. The Joseph Baldwin Academy and the Midwest Talent Search are two summer programs designed to identify and provide enrichment programs for young scholars.

Chagrin Falls High School was identified as the #1 school district in the State of Ohio on the Ohio Graduation Exam. Chagrin students scored a 100% in Reading, 100% in Writing, 100% in Social Studies, 99% in Science and 98% in Math. The Superintendent of Public Instruction in Ohio named the High School as an honoree of the Schools of Distinction recognition program. The selection is based on the achievement of the school's students with disabilities, and was one of only 21 schools across the state that has met or exceeded the rigorous selection criteria. The High School continues to be recognized as one of the top 100 high schools in the nation by Newsweek magazine. The rating is based on an exceptional Advanced Placement (AP) program and the offering of 20 AP classes. Ten National Merit commended students, along with five semi-finalists, highlighted the commitment to academic excellence. Two hundred (200) students took over 500 AP exams. Over ninety percent (90%) of graduating seniors took part in the senior project, which provided them with an opportunity to experience on-the-job training in various career settings. All students had the opportunity to participate in various extra-curricular

activities and student enrichment programs. The School is committed to the full development of its students through 24 varsity sports and an intramural program.

The Chagrin Falls Parent Teacher Organization (PTO), Dads' Club, the Chagrin Falls Education Foundation, Music Lovers, the Chagrin Falls Boosters, the Open Parent Education Network (OPEN), and the Parent's Club continue to be major support groups to the School District, contributing over \$750,000 in equipment and services this past year. Projects included funding for playground equipment, musical instruments, audio-visual equipment, classroom supplies, field trips, assemblies, and supplemental professional development opportunities for interested faculty members. The Foundation also provided several thousand dollars in grants for special projects for teachers. The Business Advisory Council continues to improve the mutual working relationship between the community and schools, where both parties gain additional information and skills.

Future Projects

Our primary focus continues to be on the educational program. This program serves our students, parents and community in an effort to continuously improve. This process involves assessing current programs, identifying areas to improve, developing options, selecting the best option and assessing the results. Course of study revisions for the 2006-2007 school year will include science, K-12 Guidance, and music. In addition, the district will be continuing the enhancement of the foreign language offerings (the addition of Chinese and Arabic) and begin researching a proposed fine arts vocational program.

A focus of the 2006-2007 school year will also continue to be the completion of the capital projects identified and included in the bond issue approved in May 2005. Construction on the auditorium will be completed in early summer 2007, and many projects (technology, kitchen and building refurbishing) will be completed by late 2006.

From a financial viewpoint, the School District will continue to monitor and impact, where possible, the Ohio Supreme Court's decisions regarding school funding and the legislative implementation of solutions. The district will also continue to monitor the effects of Ohio House Bill 66, approved by the Ohio Legislature during the summer of 2005. H.B. 66 includes the phased-out elimination of the tangible personal property tax (including taxes on business tangible property and public utility property for telephone companies and railroads). The district will be involved with contract negotiations with both unions (certificated and classified) during the 2006-2007 school year, as well as proposing an operating levy (as part of the four-year operating levy cycle) on the May 2007 ballot.

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

The School District will also seek the Certificate of Excellence in Financial Reporting for the School District's 2006 Comprehensive Annual Financial Report.

Economic Conditions and Outlook

The Chagrin Falls Exempted Village School District area is an affluent residential community encompassing 27.5 square miles. The School District is rich in heritage, while maintaining an "old time" atmosphere with specialty shopping. Approximately 85% of the area is residential and 15% of the area is business in valuation. Personal income levels average above \$126,000 based on the 2004 Ohio Department of Taxation records, which maintains the Chagrin Falls Exempted Village School District as ninth in the State among 611 school districts. The School District has been ranked among the top ten school districts for the past seventeen years.

Property values have continued to grow within the School District since 1980. The reappraisals for Geauga County were completed in 2005, and will be completed for Cuyahoga County in 2006. Economic conditions have continued to weaken during the past year, and a recovery will depend upon a number of events, both nationally and worldwide. Legislative changes in the calculation of personal property taxes continue to affect the district through decreasing revenues, as do decreases in state funding. The effects of cost increases in natural gas and bus fuel have and will continue to negatively affect the district. Enrollment has increased at a manageable rate to the School District. The 2005-06 enrollment of 1,986 students reflect an increase of six (6) students as compared to the 2004-05 school year, and an increase of 494 students compared to the 1990-91 school year.

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

The funding structure of public education in Ohio is such that school districts receive very little revenue growth as a result of inflationary increases in their tax base. As a result, school districts throughout Ohio must place funding issues on the ballot to receive significant revenue growth. Chagrin Falls Exempted Village School District garners excellent levy support from its constituents. Constituents of the School District have approved all operating levies that have been submitted to the voters, in advance of the School District experiencing financial shortcomings. The School District placed an operating levy on the May 2003 ballot that was overwhelmingly approved by the residents of the school district. It is anticipated that the proceeds from this operating levy will provide sufficient resources for the district through fiscal year 2007, with the next operating levy anticipated for May 2007.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, a permanent appropriation measure must be adopted upon receipt from the County Auditor of an

amended certificate of estimated resources based on final assessed values and tax rates, which is usually within three months after the start of the fiscal year.

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

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

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

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

Financial Condition

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the School District. This discussion is presented after the Independent Public Accountant's report and provides an assessment of the School District's finances for 2006 and a discussion of current issues that affect the School District's outlook for the future. Because that discussion focuses on major funds, other nonmajor funds are discussed briefly in this letter.

Financial Highlights - Internal Service Fund

At the conclusion of fiscal year 2006, the only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses related to the provision of self-funded prescription drug benefits to the School District employees. Employee prescription drug benefits became fully funded (through United Healthcare) in October 2004, and this fund was closed upon the end of the 2006 fiscal year.

Financial Highlights -Fiduciary Fund

The School District functions as fiscal agent for student funds, representing a variety of student groups. The agency funds had assets totaling \$83,912 at fiscal year end.

Cash Management

The Board of Education has an active cash management program, which consists of expediting the receipt of revenues and prudently depositing cash, which is insured by the Federal Deposit Insurance Corporation, as well as investing available cash in instruments issued by the United States Government. The total amount of interest earned by the School District's funds was \$509,003 for the year ended June 30, 2006; \$182,257 was directly credited to the general fund, the remainder of which was credited to the scholarship, building and food service funds. The program is beneficial because of access to daily balances, which enables the Board of Education to maintain minimum account balances and invest to the maximum extent.

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

Risk Management

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

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

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

Pension Plans

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

Independent Audit

State statutes require the School District to be subjected to an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Rea & Associates, Inc. was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2006. The opinion appears at the beginning of the financial section of this report.

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

Awards

Certificate of Achievement

The Government Finance Office Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chagrin Falls Exempted Village School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

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

Acknowledgements

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

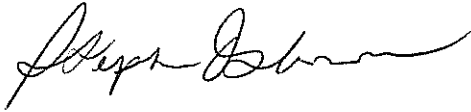
Special appreciation is expressed to Rea & Associates, Inc. for their assistance in planning, designing and reviewing this financial report.

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

Respectfully,

A handwritten signature in black ink, appearing to read "David Axner". The signature is fluid and cursive, with a large initial "D".

Dr. David E. Axner, Ed.D
Superintendent

A handwritten signature in black ink, appearing to read "Stephen Osborne". The signature is fluid and cursive, with a large initial "S".

Mr. Stephen Osborne, CPA
Treasurer

*Chagrin Falls Exempted Village School District
Principal Officials
June 30, 2006*

Board of Education

Ms. Anne Thomas, Ph.D	President
Ms. Bethany Hurtuk, Ph.D	Vice President
Mr. Pearce Leary	Member
Ms. Karen Penler	Member
Mr. Robert H. Weber	Member

Treasurer/CFO

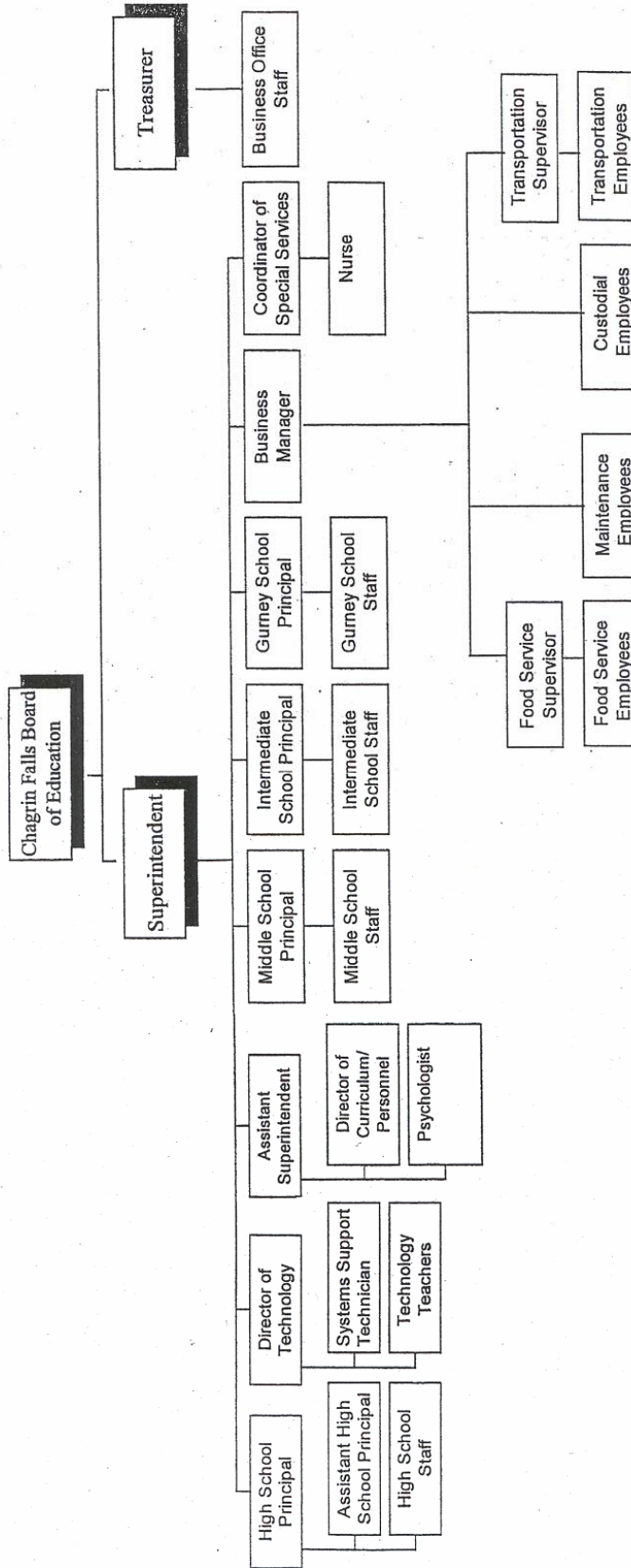
Mr. Stephen L. Osborne, CPA

Administration

Mr. David Axner, Ed D	Superintendent
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CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Chagrin Falls
Exempted Village School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

October 23, 2006

To the Board of Education
Chagrin Falls Exempted Village School District
Chagrin Falls, OH

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chagrin Falls Exempted Village School District, as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Chagrin Falls Exempted Village School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chagrin Falls Exempted Village School District, as of June 30, 2006, and the respective changes in financial position and the cash flows where applicable, thereof and the respective budgetary comparison for the general fund 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 October 23, 2006 on our consideration of the Chagrin Falls Exempted Village School 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. The purpose of that report is

to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

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

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

Rea & Associates, Inc.

Chagrin Falls Exempted Village School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited*

The discussion and analysis of the Chagrin Falls Exempted Village School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2006 are as follows:

- ❑ General Revenues accounted for \$21.2 million in revenue or 91% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for approximately \$2.1 million or 9% of total revenues of \$23.3 million.
- ❑ Total program expenses were \$24.3 million, \$23.4 million in Governmental Activities, and \$.9 million in Business Type Activities.
- ❑ In total, net assets decreased \$1 million. Net assets of governmental activities decreased \$.9 million, which represents a 30% decrease from 2005. Net assets of business-type activities decreased .1 million or 36% from 2005.
- ❑ Outstanding bonded debt decreased from \$32.7 million to \$31.7 million through principal payments.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

Chagrin Falls Exempted Village School District

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

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

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

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

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

The School District as a Whole

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

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Table 1 provides a summary of the School District's net assets for 2006 compared to 2005:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$ 29,740,110	\$ 28,771,708	\$ 66,046	\$ 165,719	\$ 29,806,156	\$ 28,937,427
Capital Assets	23,889,300	22,947,403	169,306	170,001	24,058,606	23,117,404
Total Assets	53,629,410	51,719,111	235,352	335,720	53,864,762	52,054,831
Liabilities						
Long-Term Liabilities	(32,724,961)	(33,655,337)	(12,286)	(10,921)	(32,737,247)	(33,666,258)
Other Liabilities	(18,637,600)	(14,854,917)	(57,027)	(64,978)	(18,694,627)	(14,919,895)
Total Liabilities	(51,362,561)	(48,510,254)	(69,313)	(75,899)	(51,431,874)	(48,586,153)
Net Assets						
Invested in Capital Assets Net of Debt	2,200,744	1,946,362	169,306	170,001	2,370,050	2,116,363
Restricted	1,104,831	879,207	0	0	1,104,831	879,207
Unrestricted (Deficit)	(1,038,726)	383,288	(3,267)	89,820	(1,041,993)	473,108
Total Net Assets	\$ 2,266,849	\$ 3,208,857	\$ 166,039	\$ 259,821	\$ 2,432,888	\$ 3,468,678

Total assets increased by \$1.8 million comprised mostly by the governmental activities. An increase of approximately \$.9 million in total capital assets reflects additional purchases exceeding depreciation. Total liabilities increased by approximately \$2.8 million with governmental liabilities comprising most of that amount. This increase is partially due to a substantial increase in unearned revenue which represents the availability of property taxes.

The net assets of the School District governmental activities decreased approximately \$1 million or 31%.

Chagrin Falls Exempted Village 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 compared to 2005.

(Table 2)
Governmental and Business-Type Activities

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 485,163	\$ 457,246	\$ 863,088	\$ 900,346	\$ 1,348,251	\$ 1,357,592
Operating Grants	678,200	695,367	37,221	25,531	715,421	720,898
Capital Grants	0	16,905	0	0	0	16,905
<i>General Revenue:</i>						
Property Taxes	16,231,053	17,664,677	0	0	16,231,053	17,664,677
Grants and Entitlements, not Restricted to Specific Programs	4,255,426	4,247,210	26,178	0	4,281,604	4,247,210
Other	673,911	245,886	3,671	2,214	677,582	248,100
Total Revenues	22,323,753	23,327,291	930,158	928,091	23,253,911	24,255,382
Program Expenses						
Instruction	11,534,477	11,764,079	0	0	11,534,477	11,764,079
Support Services	9,504,717	8,874,173	0	0	9,504,717	8,874,173
Operation of Non-Instructional	199,513	184,613	0	0	199,513	184,613
Extracurricular Activities	702,459	690,406	0	0	702,459	690,406
Interest and Fiscal Charges	1,442,066	2,736,630	0	0	1,442,066	2,736,630
Food Service	0	0	594,929	668,197	594,929	668,197
Uniform School Supplies	0	0	93,703	106,213	93,703	106,213
Adult Community Education	0	0	217,837	164,844	217,837	164,844
Total Expenses	23,383,232	24,249,901	906,469	939,254	24,289,701	25,189,155
Increase (Decrease) in Net Assets Before Transfers	(1,059,479)	(922,610)	23,689	(11,163)	(1,035,790)	(933,773)
Net Transfers	117,471	0	(117,471)	0	0	0
Increase (Decrease) in Net Assets	<u>\$ (942,008)</u>	<u>\$ (922,610)</u>	<u>\$ (93,782)</u>	<u>\$ (11,163)</u>	<u>\$ (1,035,790)</u>	<u>\$ (933,773)</u>

The vast majority of revenue supporting governmental activities is general revenue (property taxes). General revenue decreased from \$22.2 million in 2005 to \$21.2 million in 2006, which is partially due to a decrease in property taxes available. Program expenses in governmental activities decreased from \$24.2 million in 2005 to \$23.4 million in 2006 or 3% due in part to a decrease in interest expense.

Governmental Activities

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

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

State entitlements. All governmental funds had total revenues of \$22.3 million and expenses of \$23.4 million.

(Table 3)
Governmental Activities

	2006		2005	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 11,534,477	\$ 11,300,086	\$ 11,764,079	\$ 11,482,762
Support Services:				
Pupil and Instructional Staff	2,561,474	1,964,079	2,437,115	1,904,509
Board of Education, Administration and Fiscal	2,707,520	2,681,001	2,837,099	2,779,559
Operation and Maintenance of Plant	3,020,408	3,020,408	2,479,388	2,479,388
Pupil Transportation	1,215,315	1,215,315	1,120,571	1,120,571
Operation of Non-Instructional	199,513	54,845	184,613	34,577
Extracurricular Activities	702,459	542,069	690,406	542,387
Interest and Fiscal Charges	1,442,066	1,442,066	2,736,630	2,736,630
Total Expenses	<u>\$ 23,383,232</u>	<u>\$ 22,219,869</u>	<u>\$ 24,249,901</u>	<u>\$ 23,080,383</u>

Total cost of service for 2006 was 3.5% under 2005. Instruction and student support services comprise 60% of governmental program expenses. Interest/fiscal charges were 6%. Interest expense was attributable to the outstanding bonds, and fiscal expenses include payments to the County Auditors for administrative fees. Pupil transportation and the operation/maintenance of facilities accounts for 18% of governmental program expenses.

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

Business-Type Activities

Business-type activities include the adult/community education programs, the food service operations, and the sale of uniform school supplies. These programs had revenues of \$.9 million and expenses of \$.9 million for fiscal year 2006. Business activities receive no support from tax revenues.

Financial Analysis of the Government's Funds

Governmental Funds

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

Chagrin Falls Exempted Village School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2006

Unaudited

The School District's governmental funds (as presented on the balance sheet on pages 16-17) reported a total fund balance of \$10.8 million, which is \$2.8 million under last year's balance of \$13.6 million. The most significant changes within the School District's major funds was reported in the Permanent Improvement fund with a decrease in fund balance of \$1.4 million due to construction costs.

General Fund

The general fund is the main operating fund of the School District. At the end of fiscal year 2006, the deficit fund balance in the general fund was \$.1 million, which is a decrease of \$1.3 million from 2005, which is primarily due to an increase in unearned property taxes.

Debt Service Fund

The debt service fund is the School District fund that accumulates tax revenues to pay general obligation bonds. At the end of fiscal year 2006, the fund balance in the debt service fund remained \$2.4 million as it was in fiscal year 2005.

Permanent Improvements Fund

The permanent improvements fund is the School District fund that accounts for the resources to be used for construction projects. At the end of fiscal year 2006, the fund balance in the permanent improvements fund was \$8.3 million, which is a decrease of \$1.4 million due mainly to construction costs.

General Fund Budgeting Highlights

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

During the course of fiscal year 2006, the School District modified its General fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, there was a minor difference of \$.1 million between the final budgeted revenue of \$20.0 million, and the original budget estimates of \$19.9 million. There was also a minor difference of \$.1 million between the final budgeted expenditures and actual expenditures.

Final appropriations of \$19.5 million were \$.1 million more than the \$19.4 million in the original budget.

The actual expenditures did not change significantly from the final budgeted expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School District had \$24.1 million invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles and textbooks. A total of \$23.9 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2006 balances compared with 2005.

Chagrin Falls Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 1,386,635	\$ 1,386,635	\$ 0	\$ 0	\$ 1,386,635	\$ 1,386,635
Construction in Progress	761,826	324,908	0	0	761,826	324,908
Buildings and Improvements	20,154,002	19,616,198	0	0	20,154,002	19,616,198
Furniture and Equipment	922,420	908,550	169,306	170,001	1,091,726	1,078,551
Vehicles	471,028	516,916	0	0	471,028	516,916
Textbooks	193,389	194,196	0	0	193,389	194,196
Totals	\$ 23,889,300	\$ 22,947,403	\$ 169,306	\$ 170,001	\$ 24,058,606	\$ 23,117,404

The \$.9 million increase in capital assets was attributable to additional purchases exceeding depreciation expense. Additional details of the capital assets can be found in note 8 to the basic financial statements.

Debt

At June 30, 2006, the School District had \$31.7 million in bonds outstanding with \$1.3 million due within one year. During fiscal year 2006, \$1.2 million of general obligation bonds were retired. Table 5 summarizes bonds outstanding.

(Table 5)
Outstanding Debt, at June 30

	Governmental Activities 2006	Governmental Activities 2005
General Obligation Bonds:		
1988 Additions/Facilities	\$ 1,665,000	\$ 1,925,000
1997 Renovations - Series 1	100,000	200,000
1997 Renovations - Series 2	1,190,000	1,725,000
2005 Capital Improvement (Refunding)	16,075,000	16,320,000
Unamortized Bond Premiums (Refunding)	1,463,584	1,480,556
Capital Appreciation Bonds (Refunding)	499,988	499,988
Accretion on Capital Appreciation Bonds (Refunding)	195,482	53,849
2005 School Improvement Bonds	9,655,000	9,655,000
Unamortized Bond Premiums (School Improvement)	555,471	563,685
Capital Appreciation Bonds (School Improvement)	294,990	294,990
Accretion on Capital Appreciation Bonds (School Improvement)	44,980	0
Totals	\$ 31,739,495	\$ 32,718,068

Chagrin Falls Exempted Village School District

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

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

At June 30, 2006, the School District's overall bonded debt limit was \$41,936,531 and the unvoted debt margin was \$465,961. The School District maintains an AA3 bond rating from Moody's Rating Committee.

Current Issues

The Chagrin Falls Exempted Village School District continues to receive strong support from the residents of the school district. As the preceding information shows, the School District relies heavily on its local property taxpayers. The residents of the district passed an operating levy in May 2003 and the Board of Education anticipated that proceeds from that levy would sustain the district through fiscal year 2007. A new operating levy will be submitted to the voters of the district in May 2007. In addition to the placement of a new operating levy on the 2007 ballot, the district will be negotiating both the certificated and non-certificated contracts (CFEA and OAPSE).

Real estate tax collections have shown very small increases, and personal property tax collections have decreased. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 72.7% of revenues for governmental activities for the Chagrin Falls Schools in fiscal year 2006.

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

Management diligently planned expenses so that the 1999 levy stretched for the four years as planned, and that remains the goal with the levy passed in May 2003. This goal continues to be increasingly difficult in light of rising utility and gasoline costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

Chagrin Falls Exempted Village School District

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

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

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

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

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

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

Contacting the School District's Financial Management

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

Chagrin Falls Exempted Village School District

Statement of Net Assets

June 30, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,940,338	\$ 56,961	\$ 2,997,299
Cash and Cash Equivalents:			
In Segregated Accounts	8,625,355	0	8,625,355
Receivables:			
Taxes	18,163,080	0	18,163,080
Internal Balances	11,337	(11,337)	0
Intergovernmental	0	3,737	3,737
Inventory	0	16,685	16,685
Nondepreciable Capital Assets	2,148,461	0	2,148,461
Depreciable Capital Assets (Net)	21,740,839	169,306	21,910,145
<i>Total Assets</i>	<u>53,629,410</u>	<u>235,352</u>	<u>53,864,762</u>
Liabilities			
Accounts Payable	245,582	3,706	249,288
Contracts Payable	347,645	0	347,645
Accrued Wages and Benefits	1,806,439	26,711	1,833,150
Vacation Benefits Payable	176,967	0	176,967
Intergovernmental Payable	703,147	26,610	729,757
Unearned Revenue	15,226,389	0	15,226,389
Accrued Interest Payable	74,559	0	74,559
Matured Compensated Absences	56,872	0	56,872
Long Term Liabilities:			
Due Within One Year	1,386,826	822	1,387,648
Due Within More Than One Year	31,338,135	11,464	31,349,599
<i>Total Liabilities</i>	<u>51,362,561</u>	<u>69,313</u>	<u>51,431,874</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,200,744	169,306	2,370,050
Restricted for:			
Capital Projects	515,946	0	515,946
Debt Service	416,890	0	416,890
Permanent Funds:			
Nonexpendable	39,756	0	39,756
Other Purposes	101,978	0	101,978
Set Asides	30,261	0	30,261
Unrestricted	(1,038,726)	(3,267)	(1,041,993)
<i>Total Net Assets</i>	<u>\$ 2,266,849</u>	<u>\$ 166,039</u>	<u>\$ 2,432,888</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Current:			
Instruction:			
Regular	\$ 9,893,476	\$ 84,170	\$ 73,776
Special	1,483,639	0	76,445
Vocational	123,302	0	0
Other	34,060	0	0
Support Services:			
Pupils	1,072,115	220,695	53,674
Instructional Staff	1,489,359	0	323,026
Board of Education	89,991	0	0
Administration	1,976,027	0	6,611
Fiscal	640,702	19,908	0
Business	800	0	0
Operation and Maintenance of Plant	3,020,408	0	0
Pupil Transportation	1,215,315	0	0
Central	25,809	0	0
Operation of Non-Instructional Services	173,704	0	144,668
Extracurricular Activities	702,459	160,390	0
Interest and Fiscal Charges	1,442,066	0	0
<i>Total Governmental Activities</i>	<u>23,383,232</u>	<u>485,163</u>	<u>678,200</u>
Business-Type Activities			
Food Service	594,929	527,520	37,221
Uniform School Supplies	93,703	92,293	0
Adult Education	217,837	243,275	0
<i>Total Business-Type Activities</i>	<u>906,469</u>	<u>863,088</u>	<u>37,221</u>
<i>Totals</i>	<u>\$ 24,289,701</u>	<u>\$ 1,348,251</u>	<u>\$ 715,421</u>

General Revenues

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

Total General Revenues

Net Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (9,735,530)	\$ 0	\$ (9,735,530)
(1,407,194)	0	(1,407,194)
(123,302)	0	(123,302)
(34,060)	0	(34,060)
(797,746)	0	(797,746)
(1,166,333)	0	(1,166,333)
(89,991)	0	(89,991)
(1,969,416)	0	(1,969,416)
(620,794)	0	(620,794)
(800)	0	(800)
(3,020,408)	0	(3,020,408)
(1,215,315)	0	(1,215,315)
(25,809)	0	(25,809)
(29,036)	0	(29,036)
(542,069)	0	(542,069)
<u>(1,442,066)</u>	<u>0</u>	<u>(1,442,066)</u>
<u>(22,219,869)</u>	<u>0</u>	<u>(22,219,869)</u>
0	(30,188)	(30,188)
0	(1,410)	(1,410)
<u>0</u>	<u>25,438</u>	<u>25,438</u>
<u>0</u>	<u>(6,160)</u>	<u>(6,160)</u>
<u>(22,219,869)</u>	<u>(6,160)</u>	<u>(22,226,029)</u>
14,083,975	0	14,083,975
2,147,078	0	2,147,078
4,255,426	26,178	4,281,604
505,332	3,671	509,003
<u>168,579</u>	<u>0</u>	<u>168,579</u>
21,160,390	29,849	21,190,239
<u>117,471</u>	<u>(117,471)</u>	<u>0</u>
(942,008)	(93,782)	(1,035,790)
<u>3,208,857</u>	<u>259,821</u>	<u>3,468,678</u>
<u>\$ 2,266,849</u>	<u>\$ 166,039</u>	<u>\$ 2,432,888</u>

Chagrin Falls Exempted Village School District

*Balance Sheet
Governmental Funds
June 30, 2006*

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvements</u>	<u>Other Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 465,182	\$ 2,082,765	\$ 98,435	\$ 263,695
Cash and Cash Equivalents:				
Restricted Cash	30,261	0	0	0
In Segregated Accounts	0	0	8,585,599	39,756
Receivables:				
Taxes	15,621,551	2,541,529	0	0
Interfund	11,337	0	0	0
<i>Total Assets</i>	<u>\$ 16,128,331</u>	<u>\$ 4,624,294</u>	<u>\$ 8,684,034</u>	<u>\$ 303,451</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 177,775	\$ 0	\$ 29,021	\$ 38,786
Contracts Payable	0	0	347,645	0
Accrued Wages and Benefits	1,772,919	0	0	33,520
Intergovernmental Payable	676,304	0	0	26,843
Deferred Revenue	13,554,531	2,178,953	0	0
Matured Compensated Absences	56,872	0	0	0
<i>Total Liabilities</i>	16,238,401	2,178,953	376,666	99,149
Fund Balances				
Fund Balance:				
Reserved for Encumbrances	136,540	0	7,681,189	46,925
Reserved for Tax Revenue Unavailable for Appropriation	2,067,020	362,576	0	0
Reserved to Textbook/Instructional Materials	30,261	0	0	0
Reserved for Endowments	0	0	0	34,756
Unreserved, Undesignated, Reported in:				
General Fund	(2,343,891)	0	0	0
Special Revenue Funds	0	0	0	122,621
Debt Service Fund	0	2,082,765	0	0
Capital Projects Funds	0	0	626,179	0
<i>Total Fund Balances</i>	<u>(110,070)</u>	<u>2,445,341</u>	<u>8,307,368</u>	<u>204,302</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 16,128,331</u>	<u>\$ 4,624,294</u>	<u>\$ 8,684,034</u>	<u>\$ 303,451</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2006*

Total Governmental Funds		
	Total Governmental Fund Balances	\$ 10,846,941
	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 2,910,077	Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	23,889,300
30,261		
8,625,355	Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.	
18,163,080	Delinquent Property and Personal Property Taxes	507,095
11,337		
<u>\$ 29,740,110</u>	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	
	General Obligation Bonds	\$ (30,704,055)
	Capital Appreciation Bonds	(1,035,440)
\$ 245,582	Compensated Absences	(985,466)
347,645	Vacation Benefits Payable	(176,967)
1,806,439	Accrued Interest Payable	(74,559)
703,147		<u>(32,976,487)</u>
15,733,484		
56,872	<i>Net Assets of Governmental Activities</i>	<u>\$ 2,266,849</u>
18,893,169		
7,864,654		
2,429,596		
30,261		
34,756		
(2,343,891)		
122,621		
2,082,765		
626,179		
<u>10,846,941</u>		
<u>\$ 29,740,110</u>		

Chagrin Falls Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>
Revenues:				
Taxes	\$ 14,007,192	\$ 2,131,973	\$ 0	\$ 0
Intergovernmental	4,029,646	291,202	0	612,778
Investment Income	182,257	0	320,937	2,138
Tuition and Fees	67,152	0	0	0
Extracurricular Activities	0	0	0	382,353
Rentals	19,908	0	0	0
Charges for Services	15,750	0	0	0
Gifts and Donations	0	0	83,938	71,043
Miscellaneous	13,418	0	0	0
<i>Total Revenues</i>	<u>18,335,323</u>	<u>2,423,175</u>	<u>404,875</u>	<u>1,068,312</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,124,827	0	0	125,368
Special	1,465,586	0	0	11,250
Vocational	123,302	0	0	0
Other	34,060	0	0	0
Support Services:				
Pupils	779,481	0	0	325,381
Instructional Staff	1,022,178	0	0	335,626
Board of Education	89,883	0	0	0
Administration	1,877,030	0	0	6,707
Fiscal	603,709	0	0	0
Business	800	0	0	0
Operation and Maintenance of Plant	2,489,294	0	0	0
Pupil Transportation	1,143,620	0	0	0
Central	25,809	0	0	0
Operation of Non-Instructional Services	10,140	0	0	148,584
Extracurricular Activities	500,330	0	0	196,759
Capital Outlay	0	0	2,213,235	0
Debt Service:				
Principal Retirement	6,145	1,140,000	0	0
Interest and Fiscal Charges	226	1,285,397	0	0
<i>Total Expenditures</i>	<u>19,296,420</u>	<u>2,425,397</u>	<u>2,213,235</u>	<u>1,149,675</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(961,097)	(2,222)	(1,808,360)	(81,363)
Other Financing Sources (Uses):				
Proceeds from Sales of Capital Assets	1,205	0	0	0
Transfers In	0	0	417,471	13,000
Transfers Out	(320,247)	0	0	0
<i>Total Financing Sources and (Uses)</i>	<u>(319,042)</u>	<u>0</u>	<u>417,471</u>	<u>13,000</u>
<i>Net Change in Fund Balance</i>	(1,280,139)	(2,222)	(1,390,889)	(68,363)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>1,170,069</u>	<u>2,447,563</u>	<u>9,698,257</u>	<u>272,665</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ (110,070)</u>	<u>\$ 2,445,341</u>	<u>\$ 8,307,368</u>	<u>\$ 204,302</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2006

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$ (2,741,613)
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$ 16,139,165	Governmental funds report capital outlays as expenditures,	
4,933,626	However, in the statement of activities, the cost of those	
505,332	assets is allocated over their estimated useful lives as	
67,152	depreciation expense. This is the amount by which	
382,353	capital expenditures exceeded depreciation in the current period.	
19,908	Capital Asset Additions	\$ 2,101,221
15,750	Current Year Depreciation	<u>(1,158,647)</u>
154,981		942,574
13,418	Net effect of transactions involving disposal of capital	(677)
	assets are not reflected in the funds.	
22,231,685	Revenues in the statement of activities that do not provide	
	current financial resources are not reported as revenues	
	in the funds.	
	Delinquent Property and Personal Property Taxes	91,888
9,250,195	Repayment of bond principal is an expenditure in the governmental	
1,476,836	funds, but the repayment reduces long-term liabilities in the	
123,302	statement of net assets.	
34,060	Bond Principal	1,140,000
	Capital Leases	<u>6,145</u>
1,104,862		1,146,145
1,357,804	In the statement of activities interest is accrued on outstanding	
89,883	bonds, whereas in governmental funds, interest is expensed	
1,883,737	when due.	4,984
603,709	Some expenses reported in the statement of net activities do not	
800	use the current financial resources and therefore, are not reported	
2,489,294	as expenditures in governmental funds.	
1,143,620	Increase/Decrease in Compensated Absences	(54,342)
25,809	Increase/Decrease in Vacation Payable	(176,967)
158,724	Increase/Decrease in Bond Accretion	(186,613)
697,089	Amortization of Bond Premium	<u>25,186</u>
2,213,235		(392,736)
1,146,145	The internal service fund used by management to charge the costs	
1,285,623	of insurance to individual funds is not reported in the district-wide	
	statement of activities. The net revenue (expense) of internal service	
	funds is reported with governmental activities.	<u>7,427</u>
25,084,727		
(2,853,042)	Change in Net Assets of Governmental Activities	<u>\$ (942,008)</u>
1,205		
430,471		
(320,247)		
111,429		
(2,741,613)		
13,588,554		
\$ 10,846,941		

Chagrin Falls Exempted Village School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 15,400,000	\$ 15,400,000	\$ 15,507,738	\$ 107,738
Intergovernmental	4,187,100	4,237,100	4,029,646	(207,454)
Investment Income	116,000	196,573	189,834	(6,739)
Tuition and Fees	86,450	86,450	83,898	(2,552)
Rentals	30,000	30,000	19,908	(10,092)
Charges for Services	17,000	17,000	15,750	(1,250)
Gifts and Donations	2,000	2,000	0	(2,000)
Miscellaneous	15,000	15,000	12,289	(2,711)
<i>Total Revenues</i>	19,853,550	19,984,123	19,859,063	(125,060)
Expenditures:				
Current				
Instruction	11,027,001	10,895,553	10,893,728	(1,825)
Support Services				
Pupils	818,047	807,070	807,070	0
Instructional Staff	979,348	1,007,577	1,007,577	0
Board of Education	135,046	126,959	126,959	0
Administration	1,785,880	1,897,470	1,897,470	0
Fiscal	642,757	633,147	632,335	(812)
Business	800	800	800	0
Operation and Maintenance of Plant	2,487,380	2,502,163	2,502,163	0
Pupil Transportation	1,054,332	1,139,248	1,139,248	0
Central	21,000	25,317	25,317	0
Operation of Non-Instructional Services	9,325	9,499	9,499	0
Extracurricular Activities	480,505	498,083	498,083	0
Debt Service				
Principal Retirement	6,145	6,145	6,145	0
Interest and Fiscal Charges	226	226	226	0
<i>Total Expenditures</i>	19,447,792	19,549,257	19,546,620	(2,637)
Excess of Revenues Over (Under) Expenditures	405,758	434,866	312,443	(122,423)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	750	750	1,205	455
Advances In	0	0	7,247	7,247
Transfers Out	(432,000)	(327,534)	(320,247)	7,287
<i>Total Other Financing Sources (Uses)</i>	(431,250)	(326,784)	(311,795)	14,989
<i>Net Change in Fund Balance</i>	(25,492)	108,082	648	(107,434)
<i>Fund Balance (Deficit) at Beginning of Year</i>	46,095	46,095	46,095	0
Prior Year Encumbrances Appropriated	217,765	217,765	217,765	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 238,368	\$ 371,942	\$ 264,508	\$ (107,434)

See accompanying notes to the basic financial statements.

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Chagrin Falls Exempted Village School District

Statement of Fund Net Assets

Proprietary Funds

June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 6,802	\$ 915	\$ 49,244
Intergovernmental Receivable	3,737	0	0
Inventory	4,153	12,532	0
<i>Total Current Assets</i>	14,692	13,447	49,244
Non Current Assets:			
Depreciable Capital Assets (Net)	169,306	0	0
<i>Total Assets</i>	183,998	13,447	49,244
Liabilities			
Current Liabilities:			
Accounts Payable	497	59	3,150
Accrued Wages and Benefits	21,677	0	5,034
Interfund Payable	0	11,337	0
Intergovernmental Payable	17,569	0	9,041
<i>Total Current Liabilities</i>	39,743	11,396	17,225
Long Term Liabilities:			
Compensated Absences	11,671	0	615
<i>Total Liabilities</i>	51,414	11,396	17,840
Net Assets			
Invested in Capital Assets	169,306	0	0
Unrestricted	(36,722)	2,051	31,404
<i>Total Net Assets</i>	\$ 132,584	\$ 2,051	\$ 31,404

See accompanying notes to the basic financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 56,961	\$ 0
3,737	0
<u>16,685</u>	<u>0</u>
77,383	0
<u>169,306</u>	<u>0</u>
<u>246,689</u>	<u>0</u>
3,706	0
26,711	0
11,337	0
<u>26,610</u>	<u>0</u>
68,364	0
<u>12,286</u>	<u>0</u>
80,650	0
169,306	0
<u>(3,267)</u>	<u>0</u>
<u>\$ 166,039</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Operating Revenues:			
Tuition	\$ 0	\$ 0	\$ 243,275
Sales	527,520	92,293	0
Other Operating Revenues	0	0	0
<i>Total Operating Revenues</i>	<u>527,520</u>	<u>92,293</u>	<u>243,275</u>
Operating Expenses:			
Salaries	180,051	0	78,375
Fringe Benefits	43,467	0	21,052
Purchased Services	20,635	93,703	110,879
Materials and Supplies	331,210	0	2,453
Depreciation	16,715	0	0
Other Operating Expenses	2,851	0	5,078
<i>Total Operating Expenses</i>	<u>594,929</u>	<u>93,703</u>	<u>217,837</u>
Operating Income (Loss)	<u>(67,409)</u>	<u>(1,410)</u>	<u>25,438</u>
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	11,657	0	0
Operating Grants	25,564	0	0
Contributions and Donations	26,178	0	0
Interest	3,671	0	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>67,070</u>	<u>0</u>	<u>0</u>
<i>Income (Loss) Before Operating Transfers</i>	(339)	(1,410)	25,438
Transfers In	0	0	0
Transfers Out	(117,471)	0	0
<i>Change in Net Assets</i>	(117,810)	(1,410)	25,438
<i>Net Assets (Deficit) Beginning of Year</i>	<u>250,394</u>	<u>3,461</u>	<u>5,966</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 132,584</u>	<u>\$ 2,051</u>	<u>\$ 31,404</u>

See accompanying notes to the basic financial statements.

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 243,275	\$ 0
619,813	0
0	180
863,088	180
258,426	0
64,519	0
225,217	0
333,663	0
16,715	0
7,929	0
906,469	0
(43,381)	180
11,657	0
25,564	0
26,178	0
3,671	0
67,070	0
23,689	180
0	7,247
(117,471)	0
(93,782)	7,427
259,821	(7,427)
\$ 166,039	\$ 0

Chagrin Falls Exempted Village School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds		
	Food Service	Uniform School Supplies	Adult Education
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 526,519	\$ 92,293	\$ 243,275
Cash Paid for Goods and Services	(350,505)	(92,713)	(109,524)
Cash Paid to Employees	(228,589)	0	(97,832)
Other Operating Revenues	0	0	0
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(52,575)</u>	<u>(420)</u>	<u>35,919</u>
Cash Flows From Non-Capital Financing Activities:			
Grants	25,564	0	0
Repayment of Loans from Other Funds	1,204	0	0
Transfers In	0	0	0
Transfers Out	(117,471)	0	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>(90,703)</u>	<u>0</u>	<u>0</u>
Cash Flows From Investing Activities:			
Interest on Investments	3,671	0	0
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>3,671</u>	<u>0</u>	<u>0</u>
Cash Flows From Capital and Related Financing Activities:			
Payment for Capital Acquisitions	10,158	0	0
<i>Net Cash Provided By (Used For) Capital and Related Financing Activities</i>	<u>10,158</u>	<u>0</u>	<u>0</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(129,449)	(420)	35,919
<i>Cash and Cash Equivalents at Beginning of Year</i>	136,251	1,335	13,325
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 6,802</u>	<u>\$ 915</u>	<u>\$ 49,244</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:			
Operating Income (Loss)	\$ (67,409)	\$ (1,410)	\$ 25,438
Adjustments:			
Depreciation	16,715	0	0
Federal Donated Commodities	11,657	0	0
(Increase) Decrease Assets			
Due from Other Governments	(1,001)	0	0
Inventory	4,589	931	0
Increase (Decrease) in Liabilities			
Accounts Payable	437	59	734
Accrued Wages and Benefits	(5,821)	0	980
Compensated Absences Payable	750	0	615
Due to Other Governments	(12,492)	0	8,152
<i>Total Adjustments</i>	<u>14,834</u>	<u>990</u>	<u>10,481</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (52,575)</u>	<u>\$ (420)</u>	<u>\$ 35,919</u>

Noncash items:

The Food Service Fund received \$11,657 in Federally Donated Commodities.

See accompanying notes to the basic financial statements.

<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
\$ 862,087	\$ 0
(552,742)	0
(326,421)	0
0	180
(17,076)	180
25,564	0
1,204	(7,427)
0	7,247
(117,471)	0
(90,703)	(180)
3,671	0
3,671	0
10,158	0
10,158	0
(93,950)	0
150,911	0
<u>\$ 56,961</u>	<u>\$ 0</u>
\$ (43,381)	\$ 180
16,715	0
11,657	0
(1,001)	0
5,520	0
1,230	0
(4,841)	0
1,365	0
(4,340)	0
26,305	0
<u>\$ (17,076)</u>	<u>\$ 180</u>

Chagrin Falls Exempted Village School District

Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2006

Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>83,912</u>
Liabilities	
Undistributed Monies	\$ 8,727
Due to Students	<u>75,185</u>
<i>Total Liabilities</i>	<u>\$ 83,912</u>

See accompanying notes to the basic financial statements.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 1 - Description of The School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. Each member is elected to a four year term. The Board of Education controls the School District's four instructional support facilities staffed by 101 classified employees, 165 certified full-time teaching personnel and 14 administrators who provide services to 1,956 students and other community members.

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

Reporting Entity

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

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

The School District participates in two jointly governed organizations and one public entity risk pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools Council, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. The School

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

District has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. For the year ended June 30, 2006, the School District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46 "Net Assets Restricted by Enabling Legislation", and Statement No. 47 "Accounting for Termination Benefits."

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to *all* termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balances as a result of the implementation of these new Standards. Following are the most 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 usually eliminated to avoid "doubling up" revenues and expenses, however, these amounts are deemed insignificant in the current year and have not been eliminated. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

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

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

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

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

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

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

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

C. Measurement Focus

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

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

D. Basis of Accounting

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

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

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

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

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

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue on the balance sheet. This amount is reported as unearned revenue on the statement of net assets, however excludes delinquent amounts earned as of year end.

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

E. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2006.

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

F. Cash and Cash Equivalents

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

During fiscal year 2006, investments were limited to Commercial Paper, repurchase agreements, Victory Federal Mutual Funds, Freddie Mac, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Association Notes, U.S. Treasury Notes and STAROhio, (the State Treasurer's Investment Pool).

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2006. Certificates of deposit and repurchase agreements are reported at cost.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$182,257, which includes \$166,254 assigned from other School District funds.

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

G. Inventory

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

H. Restricted Assets

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

I. Capital Assets

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

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Description	Governmental	Business-Type
	Activities	Activities
	Estimated Lives	Estimated Lives
Land	N/A	N/A
Construction in Progress	N/A	N/A
Buildings and Improvements	10 - 40 Years	N/A
Furniture and Equipment	5 - 20 Years	20 Years
Vehicles	13 Years	N/A
Textbooks	5 Years	N/A

J. Interfund Balances

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

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. These amounts are recorded as vacation benefits payable in the basic financial statements.

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

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

In governmental funds, the liability for unpaid compensated absences is the unused reimbursable leave still outstanding following an employee's resignation or retirement. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

M. Net Assets

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

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

N. Fund Balance Reserves

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

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition for adult education classes, sales for food service and uniform school supplies, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

P. Contributions of Capital

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

Q. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 - Accountability

Fund balances at June 30, 2006 included the following individual fund deficits:

	<u>Fund Balance</u>
General Fund	\$ 110,070
Nonmajor Governmental Funds:	
Auxiliary	17,417
EMIS	96
Title VI-B	41,199

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

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

Net Change in Fund Balance

GAAP Basis	\$ (1,280,139)
Net Adjustment for Revenue Accruals	1,523,740
Advance In	7,247
Net Adjustment for Expenditure Accruals	(19,261)
Adjustment for Encumbrances	<u>(230,939)</u>
Budget Basis	<u><u>\$ 648</u></u>

Note 5 - Deposits and Investments

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

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

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

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

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

Deposits: The carrying value of the School District's deposits totaled \$128,403 and the bank balances of the deposits totaled \$268,649. \$180,721 of the bank balance was covered by federal depository insurance and \$87,928 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

Investments are reported at fair value. As of June 30, 2006, the district had the following investments:

Standard & Poors Rating		Fair Value	Investment Maturities (in months) 0 - 6	%
		Value	0 - 6	Investments
N/A	Victory Federal Money Market Closed End	\$ 3,413	\$ 3,413	0.03%
N/A	Fifth Third US Treasury Money Market Fund	62,768	62,768	0.54%
N/A	Victory Federal Money Market	36,342	36,342	0.31%
N/A	Victory Federal Money Market	197	197	0.00%
N/A	Victory Federal Money Market	104,251	104,251	0.90%
AAA	Federal National Mortgage Association	1,372,560	1,372,560	11.86%
AAA	Freddie Mac	73,844	73,844	0.64%
AAA	Freddie Mac Discount Note	396,710	396,710	3.43%
AAA	Federal Home Loan	8,481,348	8,481,348	73.28%
AAA	Federal Home Loan Discount Note	147,845	147,845	1.28%
AAA	STAROhio	895,135	895,135	7.73%
	Totals	<u>\$ 11,574,413</u>	<u>\$ 11,574,413</u>	<u>100.00%</u>

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

Credit Risk: The School District's investments at June 30, 2006 in FNMA, Freddie Mac and Federal Home Loan are rated AAA by Standard & Poor's. Its investments in STAROhio are also rated AAA by Standard & Poor's. Federal money markets are exempt from ratings since explicitly guaranteed by a U.S. Government Agency.

Concentration of Credit Risk: The School District places no limit on the amount the district may invest in any one issuer. More than 5 percent of the School District's investments are in Federal National Mortgage, Federal Home Loan and STAROhio as listed above.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2006 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) is for calendar 2006 taxes.

2006 real property taxes are levied after April 1, 2005, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after April 1, 2006 and are collected in 2006 with real property taxes.

2006 tangible personal property taxes are levied after April 1, 2005, on the value as of December 31, 2004. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value of inventory.

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

	2005 Second Half Collections		2006 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 434,192,870	96.86%	\$ 452,868,880	97.19%
Public Utility	6,879,320	1.53%	7,173,560	1.54%
Tangible Personal Property	7,210,137	1.61%	5,919,019	1.27%
	<u>\$ 448,282,327</u>	<u>100.00%</u>	<u>\$ 465,961,459</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	\$ 99.80		\$ 100.90	

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

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

The School District receives property taxes from Cuyahoga and Geauga Counties. The County Auditors periodically advance to the School District their portion of the taxes collected. Second-half real property

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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 represent delinquent taxes outstanding and real property, personal property and public utility 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 of real property taxes available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2006, was \$2,429,596 and is recognized as revenue. \$2,067,020 was available to the general fund and \$362,576 was available to the debt service fund.

Note 7 - Receivables

Receivables at June 30, 2006, consisted of taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 8 - Capital Assets

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

	Balance 6/30/05	Additions	Reductions	Balance 6/30/06
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,386,635	\$ 0	\$ 0	\$ 1,386,635
Construction in progress	324,908	761,826	(324,908)	761,826
	<u>1,711,543</u>	<u>761,826</u>	<u>(324,908)</u>	<u>2,148,461</u>
 <i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	26,732,325	1,275,561	0	28,007,886
Furniture and Equipment	4,257,998	219,662	(197,807)	4,279,853
Vehicles	1,505,009	80,666	(117,572)	1,468,103
Textbooks	949,690	88,414	0	1,038,104
	<u>33,445,022</u>	<u>1,664,303</u>	<u>(315,379)</u>	<u>34,793,946</u>
Total Capital Assets, being depreciated				
 Less Accumulated Depreciation:				
Buildings and Improvements	(7,116,127)	(737,757)	0	(7,853,884)
Furniture and Equipment	(3,349,448)	(205,115)	197,130	(3,357,433)
Vehicles	(988,093)	(126,554)	117,572	(997,075)
Textbooks	(755,494)	(89,221)	0	(844,715)
	<u>(12,209,162)</u>	<u>(1,158,647)</u>	<u>314,702</u>	<u>(13,053,107)</u>
Total Accumulated Depreciation				
Total Capital Assets being depreciated, net	<u>21,235,860</u>	<u>505,656</u>	<u>(677)</u>	<u>21,740,839</u>
 Governmental Activities Capital Assets, Net				
	<u>\$ 22,947,403</u>	<u>\$ 1,267,482</u>	<u>\$ (325,585)</u>	<u>\$ 23,889,300</u>
 Business-Type Activities				
<i>Capital Assets being depreciated</i>				
Furniture and Equipment	\$ 365,179	\$ 23,820	\$ (20,554)	\$ 368,445
	<u>(195,178)</u>	<u>(16,715)</u>	<u>12,754</u>	<u>(199,139)</u>
Less Accumulated Depreciation				
Business-Type Activities Capital Assets, Net	<u>\$ 170,001</u>	<u>\$ 7,105</u>	<u>\$ (7,800)</u>	<u>\$ 169,306</u>

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	762,697
Special		9,117
Support Services:		
Pupil		14,144
Instructional Staff		111,689
Board of Education		108
Administration		4,324
Fiscal		5,904
Operation and Maintenance of Plant		109,269
Pupil Transportaion		120,123
Operation of Non-Instructional Services		13,400
Extracurricular Activities		7,872
		<hr/>
Total Depreciation	\$	<u>1,158,647</u>

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2006, the School District contracted with the following insurance companies:

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

B. Workers' Compensation

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

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

Note 10 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn fifteen to twenty-five days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

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

B. Insurance Benefits

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

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

Note 11 - Pension Plans

A. School Employees Retirement System

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

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 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$500,724, \$479,760 and \$450,024, respectively; 49 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. \$256,380 represents the unpaid contribution for fiscal year 2006, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, 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 times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,267,322, \$1,253,411 and \$1,316,243, respectively. Contributions to the DC and Combined Plans for fiscal year 2006 were \$35,396 made by the School District and \$62,252 made by the plan members. 82 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. \$239,176 represents the unpaid contribution for fiscal year 2006, and is recorded as a liability within the respective funds.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2006, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$93,051 during the 2006 fiscal year.

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

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2005, employer contributions to fund health care benefits were 3.43% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$184,263.

Net health care costs for the year ending June 30, 2005 were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 13 - Long - Term Obligations

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

	Outstanding 6/30/05	Additions	Reductions	Outstanding 6/30/06	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
1988 Additions/Facilities 7.50%	\$ 1,925,000	\$ 0	\$ 260,000	\$ 1,665,000	\$ 285,000
1997 Renovations 5.37%	200,000	0	100,000	100,000	100,000
1997 Renovations 5.39%	1,725,000	0	535,000	1,190,000	575,000
2005 Refunding Bonds					
Serial Bonds \$16,320,000 at 2.5% - 4.125%	16,320,000	0	245,000	16,075,000	190,000
Capital Appreciation Bonds at 2.5% - 4.125%	499,988	0	0	499,988	0
Accretion of Interest	53,849	141,633	0	195,482	0
Bond Premium	1,480,556	0	16,972	1,463,584	0
2005 School Improvement Bonds					
Current Interest Bonds \$9,655,000 at 3.71% - 3.94%	9,655,000	0	0	9,655,000	145,000
Capital Appreciaion Bonds at 2.5% - 4.125%	294,990	0	0	294,990	0
Bond Premium	563,685	0	8,214	555,471	0
Accretion of Interest	0	44,980	0	44,980	0
Total General Obligation Bonds	32,718,068	186,613	1,165,186	31,739,495	1,295,000
Compensated Absences	931,124	54,342	0	985,466	91,826
Capital Leases	6,145	0	6,145	0	0
Total Governmental Activities Long-Term Liabilities	\$ 33,655,337	\$ 240,955	\$ 1,171,331	\$ 32,724,961	\$ 1,386,826
Business-Type Activities					
Compensated Absences	\$ 10,921	\$ 1,365	\$ 0	\$ 12,286	\$ 822

1988 Additions/Facilities

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

1997 Renovations

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

2005 School Improvement Bonds

On June 22, 2005, the School District issued \$9,949,990 in general obligation bonds for the construction of a new auditorium and building/facility improvements. The bonds mature in December 2032. These bonds were issued with a premium of \$563,685, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. Amortization expense for June 30, 2006 was \$8,214.

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

The capital appreciation bonds mature December 1, 2011 through 2013. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$915,000. For fiscal year 2006, \$44,980 was accreted for a liability of \$339,970.

2005 School Improvement Refunding Bonds

On January 6, 2005, the School District issued \$16,820,000 refunded general obligation bonds. The proceeds of the bonds were used to refund \$1,600,000 of the School District's outstanding Capital Improvement Bonds, Series 1997, and \$15,220,000 of the School District's outstanding Capital Improvement Bond Series 1997-2. The bonds were issued for an 18 year period with final maturity at December 1, 2022. At the date of the refunding, \$18,082,289 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2006, \$16,820,000 of these bonds are considered defeased.

These refunding bonds were issued with a premium of \$1,502,441, which is reported as an increase to bonds payable. The amounts are being amortized to interest expenses over the life of the bonds using the straight-line method. The amortization for June 30, 2006 was \$16,972. The issuance costs have been reported as an expenditure. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$964,620. The issuance resulted in an economic gain of \$703,151.

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

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

accretion is reflected as principal liability. The maturity amount of the bonds is \$2,030,000. For fiscal year 2006, \$141,633 was accreted for a liability of \$695,470.

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the general fund and the food service and adult education enterprise funds. Capital lease obligations will be paid from the general fund.

The School District's overall debt margin was \$14,901,894 with an unvoted debt margin of \$465,961 at June 30, 2006. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2006 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2007	\$ 1,295,000	\$ 1,216,127	\$ 0	\$ 0	\$ 1,295,000	\$ 1,216,127
2008	1,435,000	1,141,325	0	0	1,435,000	1,141,325
2009	1,435,000	1,005,858	50,870	69,130	1,485,870	1,074,988
2010	1,505,000	940,528	39,128	75,872	1,544,128	1,016,400
2011	790,000	298,129	228,064	666,936	1,018,064	965,065
2012 - 2016	4,995,000	3,049,016	295,688	909,312	5,290,688	3,958,328
2017 - 2021	8,180,000	2,907,552	97,560	207,440	8,277,560	3,114,992
2022 - 2026	5,155,000	1,216,739	83,668	221,332	5,238,668	1,438,071
2027 - 2031	2,660,000	573,318	0	0	2,660,000	573,318
2032	1,235,000	54,890	0	0	1,235,000	54,890
Total	\$ 28,685,000	\$ 12,403,482	\$ 794,978	\$ 2,150,022	\$ 29,479,978	\$ 14,553,504

Note 14 - Capitalized Leases

Capital lease obligations relate to copier equipment and a vehicle which are leased under long-term agreements. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The lease was paid in full in 2006.

Note 15 - Jointly Governed Organizations

A. Lake Geauga Computer Association

The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. The School District paid \$56,932 to LGCA during fiscal year 2006.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Financial information can be obtained from Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

B. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2006, the School District paid \$800 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

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

The electric purchase program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

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

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

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

Note 16 - Insurance Purchasing Pool

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

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 17 – Contingencies

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

Note 18 - Interfund Transfers

Transfers made during fiscal year 2006 were as follows:

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 320,247
Permanent Improvement Fund	417,471	0
Other Governmental Funds	13,000	0
Food Service Enterprise Fund	0	117,471
Internal Service Fund	7,247	0
Total	<u>\$ 437,718</u>	<u>\$ 437,718</u>

In 2006, the food service fund transferred proceeds from vending and food service operations to the construction fund to provide funds for the purchase of the new high school kitchen/commons. The assets will be transferred back to the food service fund when purchased. The remaining transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 19 - Interfund Balances

Interfund balances at June 30, 2006 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 11,337	\$ 0
Uniform Supplies Enterprise Fund	<u>0</u>	<u>11,337</u>
	<u>\$ 11,337</u>	<u>\$ 11,337</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2006, all interfund payables outstanding are anticipated to be repaid in fiscal year 2007.

Note 20 – Contractual Commitments

As of June 30, 2006, the School District had contractual purchase commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 06/30/06</u>
Auditorium	\$ 6,659,255	\$ 398,205	\$ 6,261,050
Kitchen Renovation	892,119	28,905	863,214
Technology	<u>345,907</u>	<u>309,231</u>	<u>36,676</u>
Totals	<u>\$ 7,897,281</u>	<u>\$ 736,341</u>	<u>\$ 7,160,940</u>

Chagrin Falls Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 21 - Set-Asides

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2005	\$ 0	\$ 0	\$ 0
Set-Aside Carryover Balance as of June 30, 2005	0	(61,855)	(61,855)
Current Year Set-Aside Requirement	287,121	287,121	574,242
Qualifying Disbursements	<u>(364,414)</u>	<u>(195,005)</u>	<u>(559,419)</u>
Total	<u>\$ (77,293)</u>	<u>\$ 30,261</u>	<u>\$ (47,032)</u>
Balance Carried Forward FY 2007	<u>\$ 0</u>	<u>\$ 30,261</u>	<u>\$ 30,261</u>
Amount to Restrict for Set-Asides			<u>\$ 30,261</u>
Total Restricted Assets			<u>\$ 30,261</u>

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

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

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Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

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

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

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

Chagrin Falls Exempted Village School District

Combining Statements – Nonmajor Funds

Nonmajor Capital Projects Funds

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

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

Permanent Fund

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

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

Chagrin Falls Exempted Village School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 263,695	\$ 0	\$ 0	\$ 263,695
In Segregated Accounts	<u>0</u>	<u>0</u>	<u>39,756</u>	<u>39,756</u>
<i>Total Assets</i>	<u>\$ 263,695</u>	<u>\$ 0</u>	<u>\$ 39,756</u>	<u>\$ 303,451</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 38,786	\$ 0	\$ 0	\$ 38,786
Accrued Wages and Benefits	33,520	0	0	33,520
Intergovernmental Payable	<u>26,843</u>	<u>0</u>	<u>0</u>	<u>26,843</u>
<i>Total Liabilities</i>	<u>99,149</u>	<u>0</u>	<u>0</u>	<u>99,149</u>
Fund Balances (Deficit)				
Fund Balance:				
Reserved for Encumbrances	41,925	0	5,000	46,925
Reserved for Endowments	0	0	34,756	34,756
Unreserved, Reported in Special Revenue Funds	<u>122,621</u>	<u>0</u>	<u>0</u>	<u>122,621</u>
<i>Total Fund Balances (Deficit)</i>	<u>164,546</u>	<u>0</u>	<u>39,756</u>	<u>204,302</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 263,695</u>	<u>\$ 0</u>	<u>\$ 39,756</u>	<u>\$ 303,451</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	\$ 612,778	\$ 0	\$ 0	\$ 612,778
Investment Income	461	0	1,677	2,138
Extracurricular Activities	382,353	0	0	382,353
Gifts and Donations	71,043	0	0	71,043
<i>Total Revenues</i>	<u>1,066,635</u>	<u>0</u>	<u>1,677</u>	<u>1,068,312</u>
Expenditures:				
Current:				
Instruction:				
Regular	110,201	15,167	0	125,368
Special	11,250	0	0	11,250
Support Services:				
Pupils	305,272	0	20,109	325,381
Instructional Staff	335,626	0	0	335,626
Administration	6,707	0	0	6,707
Operation of Non-Instructional Services	148,584	0	0	148,584
Extracurricular Activities	196,759	0	0	196,759
<i>Total Expenditures</i>	<u>1,114,399</u>	<u>15,167</u>	<u>20,109</u>	<u>1,149,675</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(47,764)	(15,167)	(18,432)	(81,363)
Other Financing Sources (Uses):				
Transfers In	13,000	0	0	13,000
<i>Total Other Financing Sources and (Uses)</i>	<u>13,000</u>	<u>0</u>	<u>0</u>	<u>13,000</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(34,764)	(15,167)	(18,432)	(68,363)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>199,310</u>	<u>15,167</u>	<u>58,188</u>	<u>272,665</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 164,546</u>	<u>\$ 0</u>	<u>\$ 39,756</u>	<u>\$ 204,302</u>

Chagrin Falls Exempted Village School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2006

	Special Trust	Other Grant	Public School Support	Athletic/ District Managed
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 76,603	\$ 22,000	\$ 72,833	\$ 70,272
<i>Total Assets</i>	<u>\$ 76,603</u>	<u>\$ 22,000</u>	<u>\$ 72,833</u>	<u>\$ 70,272</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 8,000	\$ 0	\$ 14,112	\$ 7,283
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	406	24
<i>Total Liabilities</i>	<u>8,000</u>	<u>0</u>	<u>14,518</u>	<u>7,307</u>
Fund Balances (Deficit)				
Fund Balance:				
Reserved for Encumbrances	0	0	9,030	22,507
Unreserved, Reported in Special Revenue Funds	68,603	22,000	49,285	40,458
<i>Total Fund Balances (Deficit)</i>	<u>68,603</u>	<u>22,000</u>	<u>58,315</u>	<u>62,965</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 76,603</u>	<u>\$ 22,000</u>	<u>\$ 72,833</u>	<u>\$ 70,272</u>

Auxiliary Services	Educational Management Information Systems	Entry Year Grant	Data Communications	Schoolnet Professional Development
\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,180
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,180</u>
\$ 7,150	\$ 96	\$ 0	\$ 0	\$ 0
6,838	0	0	0	0
<u>3,429</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>17,417</u>	<u>96</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0
<u>(17,417)</u>	<u>(96)</u>	<u>0</u>	<u>0</u>	<u>1,180</u>
<u>(17,417)</u>	<u>(96)</u>	<u>0</u>	<u>0</u>	<u>1,180</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,180</u>

(continued)

Chagrin Falls Exempted Village School District

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2006

	Interactive Video Distance Learning	Ohio Reads Grant	Summer Intervention	Miscellaneous State Grants
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 1,393
<i>Total Assets</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,393</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances (Deficit):				
Fund Balance:				
Reserved for Encumbrances	0	0	0	1,393
Special Revenue Funds	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,393</u>
<i>Total Liabilities and Fund Balances (Deficit)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,393</u>

Title VI-B	Title VI	Drug Free Schools	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 5,270	\$ 3,444	\$ 1,744	\$ 8,956	\$ 0	\$ 263,695
<u>\$ 5,270</u>	<u>\$ 3,444</u>	<u>\$ 1,744</u>	<u>\$ 8,956</u>	<u>\$ 0</u>	<u>\$ 263,695</u>
\$ 0	\$ 375	\$ 0	\$ 1,770	\$ 0	\$ 38,786
24,578	0	0	2,104	0	33,520
<u>21,891</u>	<u>692</u>	<u>0</u>	<u>401</u>	<u>0</u>	<u>26,843</u>
<u>46,469</u>	<u>1,067</u>	<u>0</u>	<u>4,275</u>	<u>0</u>	<u>99,149</u>
0	2,965	0	0	6,030	41,925
<u>(41,199)</u>	<u>(588)</u>	<u>1,744</u>	<u>4,681</u>	<u>(6,030)</u>	<u>122,621</u>
<u>(41,199)</u>	<u>2,377</u>	<u>1,744</u>	<u>4,681</u>	<u>0</u>	<u>164,546</u>
<u>\$ 5,270</u>	<u>\$ 3,444</u>	<u>\$ 1,744</u>	<u>\$ 8,956</u>	<u>\$ 0</u>	<u>\$ 263,695</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Special Trust	Other Grant	Public School Support	Athletic/ District Managed
Revenues:				
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0	0
Extracurricular Activities	0	0	221,963	160,390
Gifts and Donations	18,770	22,000	11,468	18,805
<i>Total Revenues</i>	<u>18,770</u>	<u>22,000</u>	<u>233,431</u>	<u>179,195</u>
Expenditures:				
Current:				
Instruction:				
Regular	0	0	1,286	0
Special	0	0	0	0
Support Services:				
Pupils	28,458	0	223,745	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	196,759
<i>Total Expenditures</i>	<u>28,458</u>	<u>0</u>	<u>225,031</u>	<u>196,759</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,688)	22,000	8,400	(17,564)
Other Financing Sources (Uses):				
Transfers In	0	0	0	13,000
<i>Total Other Financing Sources and (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,000</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(9,688)	22,000	8,400	(4,564)
<i>Fund Balance (Deficit) at Beginning of Year</i>	78,291	0	49,915	67,529
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 68,603</u>	<u>\$ 22,000</u>	<u>\$ 58,315</u>	<u>\$ 62,965</u>

<u>Auxiliary Services</u>	<u>Educational Management Information Systems</u>	<u>Entry Year</u>	<u>Data Communications</u>	<u>Schoolnet Professional Development</u>
\$ 136,967	\$ 6,611	\$ 5,600	\$ 12,000	\$ 3,925
461	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>137,428</u>	<u>6,611</u>	<u>5,600</u>	<u>12,000</u>	<u>3,925</u>
0	0	5,600	12,000	4,225
0	0	0	0	0
0	0	0	0	0
0	6,707	0	0	0
140,481	0	0	0	0
0	0	0	0	0
<u>140,481</u>	<u>6,707</u>	<u>5,600</u>	<u>12,000</u>	<u>4,225</u>
(3,053)	(96)	0	0	(300)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(3,053)	(96)	0	0	(300)
<u>(14,364)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,480</u>
<u>\$ (17,417)</u>	<u>\$ (96)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,180</u>

Chagrin Falls Exempted Village School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Interactive Video Distance Learning	Ohio Reads Grant	Summer Invervention	Miscellaneous State Grants
Revenues:				
Intergovernmental	\$ 0	\$ 2,000	\$ 0	\$ 2,500
Investment Income	0	0	0	0
Extracurricular Activities	0	0	0	0
Gifts and Donations	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>2,000</u>	<u>0</u>	<u>2,500</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,711	6,467	10,620	1,107
Special	0	0	0	0
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>6,711</u>	<u>6,467</u>	<u>10,620</u>	<u>1,107</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,711)	(4,467)	(10,620)	1,393
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
<i>Total Other Financing Sources and (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(6,711)	(4,467)	(10,620)	1,393
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>6,711</u>	<u>4,467</u>	<u>10,620</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,393</u>

<u>Title VI-B</u>	<u>Title VI</u>	<u>Drug Free Schools</u>	<u>Preschool Handicapped</u>	<u>Title II-A</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 390,656	\$ 5,857	\$ 4,352	\$ 12,675	\$ 29,635	\$ 612,778
0	0	0	0	0	461
0	0	0	0	0	382,353
0	0	0	0	0	71,043
<u>390,656</u>	<u>5,857</u>	<u>4,352</u>	<u>12,675</u>	<u>29,635</u>	<u>1,066,635</u>
0	9,326	48	12,675	40,136	110,201
11,250	0	0	0	0	11,250
50,279	0	2,607	0	183	305,272
335,626	0	0	0	0	335,626
0	0	0	0	0	6,707
7,491	612	0	0	0	148,584
0	0	0	0	0	196,759
<u>404,646</u>	<u>9,938</u>	<u>2,655</u>	<u>12,675</u>	<u>40,319</u>	<u>1,114,399</u>
(13,990)	(4,081)	1,697	0	(10,684)	(47,764)
0	0	0	0	0	13,000
0	0	0	0	0	13,000
(13,990)	(4,081)	1,697	0	(10,684)	(34,764)
(27,209)	6,458	47	0	15,365	199,310
<u>\$ (41,199)</u>	<u>\$ 2,377</u>	<u>\$ 1,744</u>	<u>\$ 0</u>	<u>\$ 4,681</u>	<u>\$ 164,546</u>

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GOVERNMENTAL FUNDS

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

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2006*

	Original	Final	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 15,400,000	\$ 15,400,000	\$ 15,507,738	\$ 107,738
Intergovernmental	4,187,100	4,237,100	4,029,646	(207,454)
Investment Income	116,000	196,573	189,834	(6,739)
Tuition and Fees	86,450	86,450	83,898	(2,552)
Rentals	30,000	30,000	19,908	(10,092)
Charges for Services	17,000	17,000	15,750	(1,250)
Gifts and Donations	2,000	2,000	0	(2,000)
Miscellaneous	15,000	15,000	12,289	(2,711)
<i>Total Revenues</i>	<u>19,853,550</u>	<u>19,984,123</u>	<u>19,859,063</u>	<u>(125,060)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	6,918,023	7,068,872	7,068,872	0
Fringe Benefits	1,916,935	1,901,780	1,900,273	(1,507)
Purchased Services	84,449	66,625	66,625	0
Materials and Supplies	287,698	200,312	199,994	(318)
Capital Outlay - New	33,079	38,723	38,723	0
Capital Outlay - Replacement	500	0	0	0
Other	6,000	6,138	6,138	0
Total Regular	<u>9,246,684</u>	<u>9,282,450</u>	<u>9,280,625</u>	<u>(1,825)</u>
Special:				
Salaries and Wages	1,019,564	959,128	959,128	0
Fringe Benefits	247,405	246,387	246,387	0
Purchased Services	429,048	319,809	319,809	0
Materials and Supplies	9,675	4,201	4,201	0
Capital Outlay - New	1,625	3,988	3,988	0
Total Special	<u>1,707,317</u>	<u>1,533,513</u>	<u>1,533,513</u>	<u>0</u>
Vocational:				
Salaries and Wages	73,000	45,530	45,530	0
Total Vocational	<u>73,000</u>	<u>45,530</u>	<u>45,530</u>	<u>0</u>
Other:				
Materials and Supplies	0	34,060	34,060	0
Total Other	<u>0</u>	<u>34,060</u>	<u>34,060</u>	<u>0</u>
Total Instruction	<u>11,027,001</u>	<u>10,895,553</u>	<u>10,893,728</u>	<u>(1,825)</u>

(continued)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2006*

	Original	Final	Actual	Variance Over (Under)
Support Services:				
Pupils:				
Salaries and Wages	525,758	531,577	531,577	0
Fringe Benefits	186,010	170,360	170,360	0
Purchased Services	88,694	93,648	93,648	0
Materials and Supplies	9,365	2,747	2,747	0
Capital Outlay - New	3,500	3,500	3,500	0
Capital Outlay - Replacement	4,720	5,238	5,238	0
Total Pupils	818,047	807,070	807,070	0
Instructional Staff:				
Salaries and Wages	660,098	663,564	663,564	0
Fringe Benefits	265,030	294,355	294,355	0
Purchased Services	29,464	26,671	26,671	0
Materials and Supplies	24,756	22,987	22,987	0
Total Instructional Staff	979,348	1,007,577	1,007,577	0
Board of Education:				
Salaries and Wages	9,600	9,440	9,440	0
Fringe Benefits	3,200	3,830	3,830	0
Purchased Services	78,736	67,635	67,635	0
Materials and Supplies	13,210	10,094	10,094	0
Other	30,300	35,960	35,960	0
Total Board of Education	135,046	126,959	126,959	0
Administration:				
Salaries and Wages	1,152,118	1,146,514	1,146,514	0
Fringe Benefits	437,155	460,736	460,736	0
Purchased Services	176,713	271,664	271,664	0
Materials and Supplies	17,644	15,755	15,755	0
Capital Outlay - New	2,000	2,801	2,801	0
Other	250	0	0	0
Total Administration	1,785,880	1,897,470	1,897,470	0
Fiscal:				
Salaries and Wages	223,725	229,244	229,244	0
Fringe Benefits	97,105	75,051	74,239	(812)
Purchased Services	38,401	74,542	74,542	0
Materials and Supplies	1,526	2,362	2,362	0
Capital Outlay - New	20,000	0	0	0
Other	262,000	251,948	251,948	0
Total Fiscal	642,757	633,147	632,335	(812)

(continued)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2006*

	Original	Final	Actual	Variance Over (Under)
Business:				
Purchased Services	800	800	800	0
Total Business	800	800	800	0
Operation and Maintenance of Plant:				
Salaries and Wages	1,045,915	1,074,365	1,074,365	0
Fringe Benefits	413,705	426,602	426,602	0
Purchased Services	862,907	834,731	834,731	0
Materials and Supplies	144,862	145,471	145,471	0
Capital Outlay - Replacement	19,991	20,994	20,994	0
Total Operation and Maintenance of Plant	2,487,380	2,502,163	2,502,163	0
Pupil Transportation:				
Salaries and Wages	643,825	661,662	661,662	0
Fringe Benefits	216,893	222,883	222,883	0
Purchased Services	49,021	68,132	68,132	0
Materials and Supplies	84,921	131,899	131,899	0
Capital Outlay - Replacement	59,672	54,672	54,672	0
Total Pupil Transportation	1,054,332	1,139,248	1,139,248	0
Central:				
Purchased Services	21,000	25,317	25,317	0
Total Central	21,000	25,317	25,317	0
Total Support Services	7,924,590	8,139,751	8,138,939	812
Community Services:				
Salaries and Wages	8,000	8,151	8,151	0
Fringe Benefits	1,325	1,348	1,348	0
Total Community Services	9,325	9,499	9,499	0
Total Other Operation of Non-Instructional Services	9,325	9,499	9,499	0
Sports Oriented Activities:				
Salaries and Wages	418,805	420,263	420,263	0
Fringe Benefits	52,700	67,973	67,973	0
Purchased Services	9,000	9,847	9,847	0
Total Sports Oriented Activities	480,505	498,083	498,083	0
Total Extracurricular Activities	480,505	498,083	498,083	0
Debt Service:				
Principal Retirement	6,145	6,145	6,145	0
Interest and Fiscal Charges	226	226	226	0
Total Debt Service	6,371	6,371	6,371	0
Total Expenditures	19,447,792	19,549,257	19,546,620	(2,637)
Excess of Revenues Over (Under) Expenditures	405,758	434,866	312,443	(122,423)

(continued)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2006*

	Original	Final	Actual	Variance Over (Under)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	750	750	1,205	455
Advances In	0	0	7,247	7,247
Transfers Out	(432,000)	(327,534)	(320,247)	7,287
<i>Total Other Financing Sources (Uses)</i>	(431,250)	(326,784)	(311,795)	14,989
<i>Net Change in Fund Balance</i>	(25,492)	108,082	648	(107,434)
<i>Fund Balance (Deficit) at Beginning of Year</i>	46,095	46,095	46,095	0
Prior Year Encumbrances Appropriated	217,765	217,765	217,765	0
<i>Fund Balance (Deficit) at End of Year</i>	\$ 238,368	\$ 371,942	\$ 264,508	\$ (107,434)

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Special Trust
 For the Fiscal Year Ended June 30, 2006*

	Original	Final	Actual	Variance Over (Under)
Revenues:				
Gifts and Donations	\$ 24,000	\$ 24,000	\$ 18,770	\$ (5,230)
<i>Total Revenues</i>	<u>24,000</u>	<u>24,000</u>	<u>18,770</u>	<u>(5,230)</u>
Expenditures:				
Current:				
Support Services:				
Pupils:				
Purchased Services	6,800	6,800	4,690	(2,110)
Other	25,433	21,968	18,768	(3,200)
Total Pupils	<u>32,233</u>	<u>28,768</u>	<u>23,458</u>	<u>(5,310)</u>
Total Support Services	<u>32,233</u>	<u>28,768</u>	<u>23,458</u>	<u>(5,310)</u>
<i>Total Expenditures</i>	<u>32,233</u>	<u>28,768</u>	<u>23,458</u>	<u>(5,310)</u>
<i>Net Change in Fund Balance</i>	(8,233)	(4,768)	(4,688)	80
<i>Fund Balance (Deficit) at Beginning of Year</i>	78,329	78,329	78,329	0
Prior Year Encumbrances Appropriated	<u>2,233</u>	<u>2,233</u>	<u>2,233</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 72,329</u>	<u>\$ 75,794</u>	<u>\$ 75,874</u>	<u>\$ 80</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Other Grants
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Gifts and Donations	\$ 0	\$ 22,000	\$ 22,000	\$ 0
<i>Total Revenues</i>	<u>0</u>	<u>22,000</u>	<u>22,000</u>	<u>0</u>
Expenditures:	\$ 0	\$ 0	\$ 0	\$ 0
<i>Net Change in Fund Balance</i>	0	22,000	22,000	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 22,000</u></u>	<u><u>\$ 22,000</u></u>	<u><u>\$ 0</u></u>

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Public School Support
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Extracurricular Activities	\$ 185,000	\$ 235,000	\$ 221,963	\$ (13,037)
Gifts and Donations	0	0	11,468	11,468
<i>Total Revenues</i>	<u>185,000</u>	<u>235,000</u>	<u>233,431</u>	<u>(1,569)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	1,100	1,100	0
Fringe Benefits	0	1,707	177	(1,530)
Total Regular	<u>0</u>	<u>2,807</u>	<u>1,277</u>	<u>(1,530)</u>
Total Instruction	<u>0</u>	<u>2,807</u>	<u>1,277</u>	<u>(1,530)</u>
Support Services:				
Pupils:				
Salaries and Wages	0	12,483	12,483	0
Fringe Benefits	3,000	1,367	1,367	0
Purchased Services	161,098	153,306	141,644	(11,662)
Materials and Supplies	53,310	67,879	66,505	(1,374)
Capital Outlay - New	0	8,390	7,398	(992)
Other	0	833	833	0
Total Pupils	<u>217,408</u>	<u>244,258</u>	<u>230,230</u>	<u>(14,028)</u>
Total Support Services	<u>217,408</u>	<u>244,258</u>	<u>230,230</u>	<u>(14,028)</u>
<i>Total Expenditures</i>	<u>217,408</u>	<u>247,065</u>	<u>231,507</u>	<u>(15,558)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(32,408)</u>	<u>(12,065)</u>	<u>1,924</u>	<u>13,989</u>
Other Financing Sources (Uses):				
Transfers Out	0	(3,000)	(2,996)	4
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(3,000)</u>	<u>(2,996)</u>	<u>(2,996)</u>
<i>Net Change in Fund Balance</i>	<u>(32,408)</u>	<u>(15,065)</u>	<u>(1,072)</u>	<u>13,993</u>
<i>Fund Balance (Deficit) at Beginning of Year</i>	48,356	48,356	48,356	0
Prior Year Encumbrances Appropriated	<u>2,408</u>	<u>2,408</u>	<u>2,408</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 18,356</u>	<u>\$ 35,699</u>	<u>\$ 49,692</u>	<u>\$ 13,993</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Athletic/District Managed Fund
For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Extracurricular Activities	\$ 164,000	\$ 166,915	\$ 160,390	\$ (6,525)
Gifts and Donations	32,000	32,000	18,805	(13,195)
<i>Total Revenues</i>	<u>196,000</u>	<u>198,915</u>	<u>179,195</u>	<u>(19,720)</u>
Expenditures:				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	23,450	24,648	14,912	(9,736)
Materials and Supplies	19,181	17,979	11,758	(6,221)
Total Academic and Subject Oriented Activities	<u>42,631</u>	<u>42,627</u>	<u>26,670</u>	<u>(15,957)</u>
Sports Oriented Activities:				
Salaries and Wages	10,000	1,875	1,875	0
Fringe Benefits	1,400	378	308	(70)
Purchased Services	83,475	93,175	93,175	0
Materials and Supplies	78,889	75,887	74,226	(1,661)
Capital Outlay - New	2,495	4,385	4,385	0
Other	0	664	664	0
Total Sports Oriented Activities	<u>176,259</u>	<u>176,364</u>	<u>174,633</u>	<u>(1,731)</u>
School and Public Service Co-Curricular Activities:				
Purchased Services	14,000	9,811	2,190	(7,621)
Materials and Supplies	12,500	16,679	16,641	(38)
Capital Outlay - New	0	110	110	0
Total School and Public Service Co-Curricular Activities	<u>26,500</u>	<u>26,600</u>	<u>18,941</u>	<u>(7,659)</u>
Total Extracurricular Activities	<u>245,390</u>	<u>245,591</u>	<u>220,244</u>	<u>(25,347)</u>
<i>Total Expenditures</i>	<u>245,390</u>	<u>245,591</u>	<u>220,244</u>	<u>(25,347)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(49,390)</u>	<u>(46,676)</u>	<u>(41,049)</u>	<u>5,627</u>
Other Financing Sources (Uses):				
Transfers In	0	0	13,000	13,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>13,000</u>	<u>13,000</u>
<i>Net Change in Fund Balance</i>	(49,390)	(46,676)	(28,049)	18,627
<i>Fund Balance (Deficit) at Beginning of Year</i>	45,888	45,888	45,888	0
Prior Year Encumbrances Appropriated	<u>25,391</u>	<u>25,391</u>	<u>25,391</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 21,889</u>	<u>\$ 24,603</u>	<u>\$ 43,230</u>	<u>\$ 18,627</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Auxiliary Services
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 144,000	\$ 144,000	\$ 136,967	\$ (7,033)
Investment Income	1,000	1,000	566	(434)
<i>Total Revenues</i>	<u>145,000</u>	<u>145,000</u>	<u>137,533</u>	<u>(7,467)</u>
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	55,000	54,153	51,312	(2,841)
Fringe Benefits	13,295	13,755	13,755	0
Purchased Services	66,292	56,407	51,781	(4,626)
Materials and Supplies	14,599	25,193	25,193	0
Other	5,800	5,478	5,478	0
Total Community Services	<u>154,986</u>	<u>154,986</u>	<u>147,519</u>	<u>(7,467)</u>
Total Other Operation of Non-Instructional Services	<u>154,986</u>	<u>154,986</u>	<u>147,519</u>	<u>(7,467)</u>
<i>Total Expenditures</i>	<u>154,986</u>	<u>154,986</u>	<u>147,519</u>	<u>(7,467)</u>
<i>Net Change in Fund Balance</i>	(9,986)	(9,986)	(9,986)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	9,986	9,986	9,986	0
Prior Year Encumbrances Appropriated	<u>9,986</u>	<u>9,986</u>	<u>9,986</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 9,986</u>	<u>\$ 9,986</u>	<u>\$ 9,986</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Educational Management Information Systems
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 6,200	\$ 6,650	\$ 6,611	\$ (39)
<i>Total Revenues</i>	<u>6,200</u>	<u>6,650</u>	<u>6,611</u>	<u>(39)</u>
Expenditures:				
Current:				
Support Services:				
Administration:				
Salaries and Wages	6,000	6,104	6,104	0
Purchased Services	200	507	507	0
Total Administration	<u>6,200</u>	<u>6,611</u>	<u>6,611</u>	<u>0</u>
Total Support Services	<u>6,200</u>	<u>6,611</u>	<u>6,611</u>	<u>0</u>
<i>Total Expenditures</i>	<u>6,200</u>	<u>6,611</u>	<u>6,611</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	39	0	(39)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 0</u>	<u>\$ 39</u>	<u>\$ 0</u>	<u>\$ (39)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Entry Year Programs
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 0	\$ 8,000	\$ 5,600	\$ (2,400)
<i>Total Revenues</i>	<u>0</u>	<u>8,000</u>	<u>5,600</u>	<u>(2,400)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,900	5,557	5,557	0
Fringe Benefits	100	0	0	0
Purchased Services	2,500	0	0	0
Materials and Supplies	2,500	2,443	43	(2,400)
Total Regular	<u>8,000</u>	<u>8,000</u>	<u>5,600</u>	<u>(2,400)</u>
Total Instruction	<u>8,000</u>	<u>8,000</u>	<u>5,600</u>	<u>(2,400)</u>
<i>Total Expenditures</i>	<u>8,000</u>	<u>8,000</u>	<u>5,600</u>	<u>(2,400)</u>
<i>Net Change in Fund Balance</i>	(8,000)	0	0	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ (8,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Data Communications
 For the Fiscal Year Ended June 30, 2006*

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

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 SchoolNet Professional Development
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 4,600	\$ 4,600	\$ 3,925	\$ (675)
<i>Total Revenues</i>	<u>4,600</u>	<u>4,600</u>	<u>3,925</u>	<u>(675)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	3,000	3,865	3,865	0
Materials and Supplies	1,600	735	360	(375)
Total Regular	<u>4,600</u>	<u>4,600</u>	<u>4,225</u>	<u>(375)</u>
Total Instruction	<u>4,600</u>	<u>4,600</u>	<u>4,225</u>	<u>(375)</u>
<i>Total Expenditures</i>	<u>4,600</u>	<u>4,600</u>	<u>4,225</u>	<u>(375)</u>
<i>Net Change in Fund Balance</i>	0	0	(300)	300
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,480	1,480	1,480	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,480</u>	<u>\$ 1,480</u>	<u>\$ 1,180</u>	<u>\$ 300</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Interactive Video Distance Learning
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 6,000	\$ 0	\$ 0	\$ 0
<i>Total Revenues</i>	<u>6,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	5,289	0	0	0
Capital Outlay - New	6,711	6,711	6,711	0
Total Regular	<u>12,000</u>	<u>6,711</u>	<u>6,711</u>	<u>0</u>
Total Instruction	<u>12,000</u>	<u>6,711</u>	<u>6,711</u>	<u>0</u>
<i>Total Expenditures</i>	<u>12,000</u>	<u>6,711</u>	<u>6,711</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,000)	(6,711)	(6,711)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,711	6,711	6,711	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 711</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Ohio Reads Grant
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 0	\$ 2,000	\$ 2,000	\$ 0
<i>Total Revenues</i>	<u>0</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,467	6,467	6,467	0
Total Regular	<u>4,467</u>	<u>6,467</u>	<u>6,467</u>	<u>0</u>
Total Instruction	<u>4,467</u>	<u>6,467</u>	<u>6,467</u>	<u>0</u>
<i>Total Expenditures</i>	<u>4,467</u>	<u>6,467</u>	<u>6,467</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,467)	(4,467)	(4,467)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	4,467	4,467	4,467	0
Prior Year Encumbrances Appropriated	<u>4,467</u>	<u>4,467</u>	<u>4,467</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 4,467</u>	<u>\$ 4,467</u>	<u>\$ 4,467</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Student Intervention
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 31,000	\$ 709	\$ 709	\$ 0
<i>Total Revenues</i>	<u>31,000</u>	<u>709</u>	<u>709</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	22,926	2,821	2,821	0
Fringe Benefits	200	48	48	0
Purchased Services	7,100	0	0	0
Materials and Supplies	16,107	11,073	11,073	0
Total Regular	<u>46,333</u>	<u>13,942</u>	<u>13,942</u>	<u>0</u>
Total Instruction	<u>46,333</u>	<u>13,942</u>	<u>13,942</u>	<u>0</u>
<i>Total Expenditures</i>	<u>46,333</u>	<u>13,942</u>	<u>13,942</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(15,333)	(13,233)	(13,233)	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	13,233	13,233	13,233	0
Prior Year Encumbrances Appropriated	<u>13,233</u>	<u>13,233</u>	<u>13,233</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 11,133</u>	<u>\$ 13,233</u>	<u>\$ 13,233</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Miscellaneous State Grants
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 2,100	\$ 2,500	\$ 2,500	\$ 0
<i>Total Revenues</i>	<u>2,100</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Materials and Supplies	0	2,500	2,500	0
Total Regular	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	2,100	0	0	0
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,100</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Chagrin Falls Exempted Village School District
Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Title VI-B
For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 351,000	\$ 392,000	\$ 390,656	\$ (1,344)
<i>Total Revenues</i>	<u>351,000</u>	<u>392,000</u>	<u>390,656</u>	<u>(1,344)</u>
Expenditures:				
Current:				
Instruction:				
Special:				
Salaries and Wages	0	5,271	5,000	(271)
Purchased Services	2,118	6,554	6,325	(229)
Materials and Supplies	990	5,743	1,235	(4,508)
Total Special	<u>3,108</u>	<u>17,568</u>	<u>12,560</u>	<u>(5,008)</u>
Total Instruction	<u>3,108</u>	<u>17,568</u>	<u>12,560</u>	<u>(5,008)</u>
Support Services:				
Pupils:				
Salaries and Wages	90,000	50,000	50,000	0
Purchased Services	0	279	279	0
Total Pupils	<u>90,000</u>	<u>50,279</u>	<u>50,279</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	133,000	169,349	168,005	(1,344)
Fringe Benefits	74,000	62,945	62,945	0
Purchased Services	26,700	85,910	85,910	0
Total Instructional Staff	<u>233,700</u>	<u>318,204</u>	<u>316,860</u>	<u>(1,344)</u>
Total Support Services	<u>323,700</u>	<u>368,483</u>	<u>367,139</u>	<u>(1,344)</u>
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	4,500	2,145	2,145	0
Purchased Services	7,800	6,651	6,651	0
Total Community Services	<u>12,300</u>	<u>8,796</u>	<u>8,796</u>	<u>0</u>
Total Other Operation of Non-Instructional Services	<u>12,300</u>	<u>8,796</u>	<u>8,796</u>	<u>0</u>
<i>Total Expenditures</i>	<u>339,108</u>	<u>394,847</u>	<u>388,495</u>	<u>(6,352)</u>
<i>Net Change in Fund Balance</i>	11,892	(2,847)	2,161	5,008
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>3,109</u>	<u>3,109</u>	<u>3,109</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 15,001</u>	<u>\$ 262</u>	<u>\$ 5,270</u>	<u>\$ 5,008</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual*
 Title VI
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 9,800	\$ 9,800	\$ 5,857	\$ (3,943)
<i>Total Revenues</i>	<u>9,800</u>	<u>9,800</u>	<u>5,857</u>	<u>(3,943)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,800	7,408	3,465	(3,943)
Fringe Benefits	50	7	7	0
Purchased Services	2,950	793	695	(98)
Materials and Supplies	8,484	7,457	7,457	0
Total Regular	<u>14,284</u>	<u>15,665</u>	<u>11,624</u>	<u>(4,041)</u>
Total Instruction	<u>14,284</u>	<u>15,665</u>	<u>11,624</u>	<u>(4,041)</u>
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	2,000	618	612	(6)
Total Community Services	<u>2,000</u>	<u>618</u>	<u>612</u>	<u>(6)</u>
Total Other Operation of Non-Instructional Services	<u>2,000</u>	<u>618</u>	<u>612</u>	<u>(6)</u>
<i>Total Expenditures</i>	<u>16,284</u>	<u>16,283</u>	<u>12,236</u>	<u>(4,047)</u>
<i>Net Change in Fund Balance</i>	(6,484)	(6,483)	(6,379)	104
<i>Fund Balance (Deficit) at Beginning of Year</i>	6,483	6,483	6,483	0
Prior Year Encumbrances Appropriated	<u>6,484</u>	<u>6,484</u>	<u>6,484</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 6,483</u>	<u>\$ 6,484</u>	<u>\$ 6,588</u>	<u>\$ 104</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Drug Free Schools
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 4,400	\$ 4,400	\$ 4,352	\$ (48)
<i>Total Revenues</i>	<u>4,400</u>	<u>4,400</u>	<u>4,352</u>	<u>(48)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	1,000	1,745	0	(1,745)
Purchased Services	948	96	48	(48)
Materials and Supplies	500	0	0	0
Total Regular	<u>2,448</u>	<u>1,841</u>	<u>48</u>	<u>(1,793)</u>
Total Instruction	<u>2,448</u>	<u>1,841</u>	<u>48</u>	<u>(1,793)</u>
Support Services:				
Pupils:				
Salaries and Wages	1,000	0	0	0
Purchased Services	500	1,850	1,850	0
Materials and Supplies	500	0	0	0
Capital Outlay - New	0	757	757	0
Total Pupils	<u>2,000</u>	<u>2,607</u>	<u>2,607</u>	<u>0</u>
Total Support Services	<u>2,000</u>	<u>2,607</u>	<u>2,607</u>	<u>0</u>
<i>Total Expenditures</i>	<u>4,448</u>	<u>4,448</u>	<u>2,655</u>	<u>(1,793)</u>
<i>Net Change in Fund Balance</i>	(48)	(48)	1,697	1,745
<i>Fund Balance (Deficit) at Beginning of Year</i>	47	47	47	0
Prior Year Encumbrances Appropriated	<u>48</u>	<u>48</u>	<u>48</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 47</u>	<u>\$ 47</u>	<u>\$ 1,792</u>	<u>\$ 1,745</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Preschool Handicapped Grant
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 12,500	\$ 12,700	\$ 12,675	\$ (25)
<i>Total Revenues</i>	<u>12,500</u>	<u>12,700</u>	<u>12,675</u>	<u>(25)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	12,500	12,675	12,675	0
Total Regular	<u>12,500</u>	<u>12,675</u>	<u>12,675</u>	<u>0</u>
Total Instruction	<u>12,500</u>	<u>12,675</u>	<u>12,675</u>	<u>0</u>
<i>Total Expenditures</i>	<u>12,500</u>	<u>12,675</u>	<u>12,675</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	25	0	(25)
<i>Fund Balance (Deficit) at Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (25)</u></u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual*
 Title II-A
 For the Fiscal Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 31,000	\$ 30,000	\$ 29,635	\$ (365)
<i>Total Revenues</i>	<u>31,000</u>	<u>30,000</u>	<u>29,635</u>	<u>(365)</u>
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	32,205	33,596	33,596	0
Fringe Benefits	200	408	408	0
Purchased Services	8,939	5,997	5,407	(590)
Materials and Supplies	5,431	4,657	4,657	0
Total Regular	<u>46,775</u>	<u>44,658</u>	<u>44,068</u>	<u>(590)</u>
Total Instruction	<u>46,775</u>	<u>44,658</u>	<u>44,068</u>	<u>(590)</u>
Support Services:				
Pupils:				
Fringe Benefits	0	183	183	0
Total Pupils	<u>0</u>	<u>183</u>	<u>183</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>183</u>	<u>183</u>	<u>0</u>
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	0	935	0	(935)
Total Community Services	<u>0</u>	<u>935</u>	<u>0</u>	<u>(935)</u>
Total Other Operation of Non-Instructional Services	<u>0</u>	<u>935</u>	<u>0</u>	<u>(935)</u>
<i>Total Expenditures</i>	<u>46,775</u>	<u>45,776</u>	<u>44,251</u>	<u>(1,525)</u>
<i>Net Change in Fund Balance</i>	(15,775)	(15,776)	(14,616)	1,160
<i>Fund Balance (Deficit) at Beginning of Year</i>	15,772	15,772	15,772	0
Prior Year Encumbrances Appropriated	<u>15,775</u>	<u>15,775</u>	<u>15,775</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 15,772</u>	<u>\$ 15,771</u>	<u>\$ 16,931</u>	<u>\$ 1,160</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Bond Retirement
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Taxes	\$ 2,191,484	\$ 2,208,987	\$ 2,280,715	\$ 71,728
Intergovernmental	288,000	293,310	291,202	(2,108)
<i>Total Revenues</i>	<u>2,479,484</u>	<u>2,502,297</u>	<u>2,571,917</u>	<u>69,620</u>
Expenditures:				
Current:				
Debt Service:				
Principal Retirement	1,140,000	1,140,000	1,140,000	0
Interest and Fiscal Charges	1,060,000	1,310,000	1,289,852	(20,148)
<i>Total Expenditures</i>	<u>2,200,000</u>	<u>2,450,000</u>	<u>2,429,852</u>	<u>(20,148)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>279,484</u>	<u>52,297</u>	<u>142,065</u>	<u>89,768</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	0	4,455	4,455	0
<i>Net Change in Fund Balance</i>	279,484	56,752	146,520	89,768
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,936,245	1,936,245	1,936,245	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 2,215,729</u>	<u>\$ 1,992,997</u>	<u>\$ 2,082,765</u>	<u>\$ 89,768</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
Budget (Non-GAAP Basis) and Actual
Permanent Improvement
For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Investment Income	\$ 15,000	\$ 450,000	\$ 320,937	\$ (129,063)
Gifts and Donations	0	0	83,938	83,938
<i>Total Revenues</i>	<u>15,000</u>	<u>450,000</u>	<u>404,875</u>	<u>(45,125)</u>
Expenditures:				
Capital Outlay:				
Architecture and Engineering Services:				
Purchased Services	259,169	677,803	662,261	(15,542)
Total Architecture and Engineering Services	<u>259,169</u>	<u>677,803</u>	<u>662,261</u>	<u>(15,542)</u>
Building Acquisitions and Construction Services:				
Purchased Services	40,668	40,668	38,662	(2,006)
Capital Outlay - New	423,828	388,458	328,397	(60,061)
Total Building Acquisitions and Construction Services	<u>464,496</u>	<u>429,126</u>	<u>367,059</u>	<u>(62,067)</u>
Building Improvement Services:				
Purchased Services	232,000	861,615	861,615	0
Materials and Supplies	0	10,210	10,210	0
Capital Outlay - New	3,099,954	8,049,865	8,009,679	(40,186)
Capital Outlay - Replacement	0	77,000	76,560	(440)
Total Building Improvement Services	<u>3,331,954</u>	<u>8,998,690</u>	<u>8,958,064</u>	<u>(40,626)</u>
Other Facilities Acquisition and Construction Services:				
Capital Outlay - New	500	500	276	(224)
Total Other Facilities Acquisitions and Construction Services	<u>500</u>	<u>500</u>	<u>276</u>	<u>(224)</u>
Total Capital Outlay	<u>4,056,119</u>	<u>10,106,119</u>	<u>9,987,660</u>	<u>(118,459)</u>
<i>Total Expenditures</i>	<u>4,056,119</u>	<u>10,106,119</u>	<u>9,987,660</u>	<u>(118,459)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,041,119)</u>	<u>(9,656,119)</u>	<u>(9,582,785)</u>	<u>73,334</u>
Other Financing Sources (Uses):				
Transfers In	430,000	435,000	417,471	(17,529)
Total Other Financing Sources (Uses)	<u>430,000</u>	<u>435,000</u>	<u>417,471</u>	<u>(12,529)</u>
<i>Net Change in Fund Balance</i>	(3,611,119)	(9,221,119)	(9,165,314)	55,805
<i>Fund Balance (Deficit) at Beginning of Year</i>	10,051,308	10,051,308	10,051,308	0
Prior Year Encumbrances Appropriated	<u>1,126,119</u>	<u>1,126,119</u>	<u>1,126,119</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 7,566,308</u>	<u>\$ 1,956,308</u>	<u>\$ 2,012,113</u>	<u>\$ 55,805</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 SchoolNet
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Intergovernmental	\$ 250	\$ 250	\$ 0	\$ (250)
<i>Total Revenues</i>	<u>250</u>	<u>250</u>	<u>0</u>	<u>(250)</u>
Expenditures:				
Current:				
Instruction				
Regular:				
Capital Outlay - New	15,400	15,400	15,167	(233)
Total Regular	<u>15,400</u>	<u>15,400</u>	<u>15,167</u>	<u>(233)</u>
Total Instruction	<u>15,400</u>	<u>15,400</u>	<u>15,167</u>	<u>(233)</u>
<i>Total Expenditures</i>	<u>15,400</u>	<u>15,400</u>	<u>15,167</u>	<u>(233)</u>
<i>Net Change in Fund Balance</i>	(15,150)	(15,150)	(15,167)	(17)
<i>Fund Balance (Deficit) at Beginning of Year</i>	15,167	15,167	15,167	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 0</u>	<u>\$ (17)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenditures, and
 Budget (Non-GAAP Basis) and Actual
 Eye of the Tiger Fund
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Investment Income	\$ 0	\$ 0	\$ 1,677	\$ 1,677
Gifts and Donations	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	1,000	1,000	1,677	677
Expenditures:				
Current:				
Support Services:				
Pupils				
Other	20,000	25,000	25,000	0
Total Pupils	20,000	25,000	25,000	0
Total Support Services	20,000	25,000	25,000	0
<i>Total Expenditures</i>	20,000	25,000	25,000	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(19,000)	(24,000)	(23,323)	677
Other Financing Sources (Uses):				
Other Financing Uses	0	0	(109)	(109)
<i>Total Other Financing Sources (Uses)</i>	0	0	(109)	(109)
<i>Net Change in Fund Balance</i>	(19,000)	(24,000)	(23,432)	568
<i>Fund Balance (Deficit) at Beginning of Year</i>	59,508	59,508	59,508	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 40,508</u>	<u>\$ 35,508</u>	<u>\$ 36,076</u>	<u>\$ 568</u>

PROPRIETARY FUNDS

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

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Food Service
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Sales	\$ 571,575	\$ 571,575	\$ 528,724	\$ (42,851)
<i>Total Revenues</i>	571,575	571,575	528,724	(42,851)
Expenses:				
Salaries	206,359	187,377	187,377	0
Fringe Benefits	65,344	54,812	53,704	(1,108)
Purchased Services	38,770	21,625	21,625	0
Materials and Supplies	349,755	310,067	309,867	(200)
Capital Outlay - New	23,956	21,880	21,880	0
Capital Outlay - Replacement	1,000	0	0	0
Other	900	2,851	2,851	0
<i>Total Expenses</i>	686,084	598,612	597,304	(1,308)
<i>Excess of Revenues Over (Under) Expenses</i>	(114,509)	(27,037)	(68,580)	(41,543)
Non-Operating Revenues (Expenses):				
Operating Grants	25,225	25,225	24,563	(662)
Contributions and Donations	900	900	26,178	25,278
Gain on Disposal of Assets	0	0	1,100	1,100
Interest Income	2,300	2,300	3,671	1,371
Total Non-Operating Revenues (Expenses)	28,425	28,425	55,512	27,087
<i>Income (Loss) Before Operating Transfers</i>	(86,084)	1,388	(13,068)	(14,456)
Transfers Out	0	(117,471)	(117,471)	0
<i>Net Change in Fund Equity</i>	(86,084)	(116,083)	(130,539)	(14,456)
<i>Fund Equity (Deficit) at Beginning of Year</i>	100,167	100,167	100,167	0
<i>Prior Year Encumbrances Appropriated</i>	36,084	36,084	36,084	0
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 50,167</u>	<u>\$ 20,168</u>	<u>\$ 5,712</u>	<u>\$ (14,456)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Uniform Supplies
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Sales	\$ 0	\$ 120,000	\$ 92,293	\$ (27,707)
<i>Total Revenues</i>	<u>0</u>	<u>120,000</u>	<u>92,293</u>	<u>(27,707)</u>
Expenses:				
Purchased Services	121,284	96,284	92,778	(3,506)
<i>Total Expenses</i>	<u>121,284</u>	<u>96,284</u>	<u>92,778</u>	<u>(3,506)</u>
<i>Net Change in Fund Equity</i>	(121,284)	23,716	(485)	(24,201)
<i>Fund Equity (Deficit) at Beginning of Year</i>	1,335	1,335	1,335	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,284</u>	<u>1,284</u>	<u>1,284</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ (118,665)</u>	<u>\$ 26,335</u>	<u>\$ 2,134</u>	<u>\$ (24,201)</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Adult Education
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Tuition	\$ 200,000	\$ 245,000	\$ 243,275	\$ (1,725)
<i>Total Revenues</i>	<u>200,000</u>	<u>245,000</u>	<u>243,275</u>	<u>(1,725)</u>
Expenses:				
Salaries	69,500	81,607	77,395	(4,212)
Fringe Benefits	12,300	12,300	12,285	(15)
Purchased Services	120,430	133,245	133,245	0
Materials and Supplies	6,000	6,000	2,453	(3,547)
Other	5,000	5,078	5,078	0
<i>Total Expenses</i>	<u>213,230</u>	<u>238,230</u>	<u>230,456</u>	<u>(7,774)</u>
<i>Net Change in Fund Equity</i>	(13,230)	6,770	12,819	6,049
<i>Fund Equity (Deficit) at Beginning of Year</i>	13,325	13,325	13,325	0
<i>Prior Year Encumbrances Appropriated</i>	<u>13,230</u>	<u>13,230</u>	<u>13,230</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u>\$ 13,325</u>	<u>\$ 33,325</u>	<u>\$ 39,374</u>	<u>\$ 6,049</u>

Chagrin Falls Exempted Village School District
*Schedule of Revenues, Expenses, and
 Budget (Non-GAAP Basis) and Actual
 Self Insurance
 For the Fiscal Year Ended June 30, 2006*

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues:				
Charges for Services	\$ 0	\$ 7,247	\$ 0	\$ (7,247)
<i>Total Revenues</i>	<u>0</u>	<u>7,247</u>	<u>0</u>	<u>(7,247)</u>
Expenses:	\$ 0	\$ 0	\$ 0	\$ 0
<i>Income (Loss) Before Operating Transfers</i>	0	7,247	0	(7,247)
Advances Out	0	(7,247)	(7,247)	0
Transfers In	<u>0</u>	<u>0</u>	<u>7,247</u>	<u>7,247</u>
<i>Net Change in Fund Equity</i>	0	0	0	0
<i>Fund Equity (Deficit) at Beginning of Year</i>	0	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity (Deficit) at End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

AGENCY FUNDS
Combining Statements

Chagrin Falls Exempted Village School District

Combining Statements – Agency Funds

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

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

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

Chagrin Falls Exempted Village School District

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2006

	<u>Rotary</u>	<u>Student Activities</u>	<u>Total Agency Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 8,727	\$ 75,185	\$ 83,912
<i>Total Assets</i>	<u>\$ 8,727</u>	<u>\$ 75,185</u>	<u>\$ 83,912</u>
Liabilities and Fund Balances			
Liabilities			
Undistributed Monies	\$ 8,727	\$ 0	\$ 8,727
Due to Students	<u>0</u>	<u>75,185</u>	<u>75,185</u>
<i>Total Liabilities</i>	<u>\$ 8,727</u>	<u>\$ 75,185</u>	<u>\$ 83,912</u>

Chagrin Falls Exempted Village School District
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2006

	Beginning Balance 7/1/05	Additions	Deductions	Ending Balance 6/30/06
Rotary				
Assets				
Equity in Pooled Cash and Investments	\$ 2,387	\$ 47,139	\$ 40,799	\$ 8,727
Liabilities				
Undistributed Monies	\$ 2,387	\$ 47,139	\$ 40,799	\$ 8,727
Student Activities				
Assets				
Equity in Pooled Cash and Investments	\$ 61,978	\$ 141,977	\$ 128,770	\$ 75,185
Liabilities				
Due to Students	\$ 61,978	\$ 141,977	\$ 128,770	\$ 75,185
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	\$ 64,365	\$ 189,116	\$ 169,569	\$ 83,912
Liabilities				
Undistributed Monies	\$ 2,387	\$ 47,139	\$ 40,799	\$ 8,727
Due to Students	61,978	141,977	128,770	75,185
<i>Total Liabilities</i>	\$ 64,365	\$ 189,116	\$ 169,569	\$ 83,912

**STATISTICAL
SECTION**

Statistical Section

This part of the Chagrin Falls Exempted Village 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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	S-2 - S-13
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	S-14 - S-20
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.	S-21 - S-25
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place	S-26 - S-27
Operating Information These schedules contain service 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	S-27 - S-41

Sources: Unless otherwise notes, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB 34 in 2001; schedules presenting government-wide information include information beginning in that year.

Chagrin Falls Exempted Village School District

Net Assets by Component

Last Six Fiscal Years

(Accrual Basis of Accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 2,200,744	\$ 1,946,362	\$ 1,567,981	\$ 1,544,335
Restricted	1,074,570	879,207	2,155,299	1,855,906
Unrestricted	30,261	383,288	408,187	(87,075)
<i>Total Governmental Activities Net Assets</i>	<u>\$ 3,305,575</u>	<u>\$ 3,208,857</u>	<u>\$ 4,131,467</u>	<u>\$ 3,313,166</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$ 169,306	\$ 170,001	\$ 187,256	\$ 196,624
Restricted	0	0	0	0
Unrestricted	0	89,820	83,728	98,548
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 169,306</u>	<u>\$ 259,821</u>	<u>\$ 270,984</u>	<u>\$ 295,172</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$ 2,370,050	\$ 2,116,363	\$ 1,755,237	\$ 1,740,959
Restricted	1,074,570	879,207	2,155,299	1,855,906
Unrestricted	30,261	473,108	491,915	11,473
<i>Total Primary Government Net Assets</i>	<u>\$ 3,474,881</u>	<u>\$ 3,468,678</u>	<u>\$ 4,402,451</u>	<u>\$ 3,608,338</u>

<u>2002</u>	<u>2001</u>
\$ 1,497,343	\$ 1,661,446
2,393,854	2,328,980
<u>1,598,300</u>	<u>1,447,713</u>
<u>\$ 5,489,497</u>	<u>\$ 5,438,139</u>
\$ 207,659	\$ 203,534
0	0
<u>63,570</u>	<u>25,129</u>
<u>\$ 271,229</u>	<u>\$ 228,663</u>
\$ 1,705,002	\$ 1,864,980
2,393,854	2,328,980
<u>1,661,870</u>	<u>1,472,842</u>
<u>\$ 5,760,726</u>	<u>\$ 5,666,802</u>

Chagrin Falls Exempted Village School District
Changes in Net Assets
Last Six Fiscal Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Expenses:				
Governmental Activities:				
Regular Instruction	\$ 9,893,476	\$ 10,026,597	\$ 10,019,345	\$ 9,291,338
Special Instruction	1,483,639	1,636,142	1,350,026	1,189,814
Vocational Instruction	123,302	71,620	92,934	108,138
Adult/Continuing Instruction	0	0	0	0
Other Instruction	34,060	29,720	37,335	5,912
Pupil Support	1,072,115	1,139,741	1,098,885	1,055,832
Instructional Staff Support	1,489,359	1,297,374	1,159,805	986,686
Board of Education	89,991	83,165	79,892	63,685
Administration	1,976,027	1,816,179	1,610,209	1,510,595
Fiscal	640,702	936,955	643,052	668,701
Business	800	800	800	800
Operation and Maintenance of Plant	3,020,408	2,479,388	2,499,738	2,427,389
Pupil Transportation	1,215,315	1,120,571	1,097,121	1,063,140
Central	25,809	24,281	21,452	21,381
Operation of Non-Instructional Services	173,704	160,332	198,003	209,998
Extracurricular Activities	702,459	690,406	746,022	696,643
Capital Outlay	0			
Interest and Fiscal Charges	1,442,066	2,548,040	1,240,118	1,283,851
Reissuance Costs	0	188,590	0	0
<i>Total Governmental Activities Expenses</i>	<u>23,383,232</u>	<u>24,249,901</u>	<u>21,894,737</u>	<u>20,583,903</u>
Business-Type Activities:				
Food Service	594,929	668,197	686,168	584,811
Uniform School Supplies	93,703	106,213	71,642	64,589
Adult Education	217,837	164,844	208,061	176,678
Windsor Educational	0	0	0	68,146
<i>Total Business-Type Activities Expenses</i>	<u>906,469</u>	<u>939,254</u>	<u>965,871</u>	<u>894,224</u>
<i>Total Primary Government Expenses</i>	<u>24,289,701</u>	<u>\$ 25,189,155</u>	<u>22,860,608</u>	<u>\$ 21,478,127</u>
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Regular Instruction	\$ 84,170	\$ 51,244	\$ 52,944	\$ 81,992
Special Instruction	0	5	0	0
Pupil Support	220,695	206,626	200,094	176,243
Fiscal	19,908	51,352	17,456	19,715
Extracurricular Activities	160,390	148,019	140,112	143,374
Operating Grants and Contributions				
Regular Instruction	73,776	118,098	113,975	92,858
Special Instruction	76,445	95,065	3,776	0
Pupil Support	53,674	92,846	33,527	56,541
Instructional Staff Support	323,026	233,134	207,882	104,580
Administration	6,611	6,188	7,174	7,076
Operation and Maintenance of Plant	0	0	0	0
Operation of Non Instructional	144,668	150,036	139,144	151,189
Extracurricular Activities	0	0	0	0
Capital Grants and Contributions				
Regular Instruction	0	16,905	0	
Instructional Staff Support	0		0	30,718
Pupil Transportation	0		0	
<i>Total Governmental Activities Program Revenues</i>	<u>1,163,363</u>	<u>1,169,518</u>	<u>916,084</u>	<u>864,286</u>

	2002		2001
\$	9,002,902	\$	9,432,792
	1,348,927		1,155,300
	101,713		55,069
	0		0
	18,144		0
	966,542		927,785
	1,065,858		754,176
	66,055		57,583
	1,349,681		1,309,319
	598,479		414,824
	750		0
	2,242,666		2,094,832
	946,889		827,971
	21,729		0
	129,891		185,448
	688,806		392,947
	1,237,510		1,358,729
	0		0
	<u>19,786,542</u>		<u>18,966,775</u>
	492,126		459,191
	59,940		65,405
	150,584		70,037
	0		0
	<u>702,650</u>		<u>594,633</u>
	<u>20,489,192</u>	\$	<u>19,561,408</u>

\$	220,964	\$	64,217
	0		0
	162,001		162,652
	17,859		0
	141,978		155,244
	38,134		59,442
	0		2,650
	9,851		7,815
	105,498		166,904
	6,933		7,510
	0		10,800
	137,152		185,448
	38,103		29,078
	14,000		45,941
			174
			<u>19,811</u>
	<u>892,473</u>		<u>917,686</u>

Chagrin Falls Exempted Village School District
Changes in Net Assets
Last Six Fiscal Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Business-Type Activities				
Charges for Services:				
Food Service	527,520	619,966	641,834	549,986
Uniform School Supplies	92,293	96,152	74,349	69,600
Adult Education	243,275	184,228	191,304	171,745
Windsor Educational	0	0	0	67,909
Operating Grants and Contributions				
Food Service	37,221	25,531	33,586	55,464
<i>Total Business-Type Activities Program Revenues</i>	<u>900,309</u>	<u>925,877</u>	<u>941,073</u>	<u>914,704</u>
<i>Total Primary Government Program Revenues</i>	<u>2,063,672</u>	<u>2,095,395</u>	<u>1,857,157</u>	<u>1,778,990</u>
Net (Expense) Revenue:				
Governmental Activities	(22,219,869)	(23,080,383)	(20,978,653)	(19,719,617)
Business-Type Activities	(6,160)	(13,377)	(24,798)	20,480
<i>Total Primary Government Net Expense</i>	<u>\$ (22,226,029)</u>	<u>\$ (23,093,760)</u>	<u>\$ (21,003,451)</u>	<u>\$ (19,699,137)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property and Other Local Taxes Levied For:				
General Purposes	\$ 14,083,975	\$ 15,599,444	\$ 15,342,604	\$ 11,672,680
Debt Service	2,147,078	2,065,233	2,146,903	1,839,749
Grants and Entitlements not Restricted to Specific Programs	4,255,426	4,247,210	4,203,459	3,881,296
Investment Earnings	505,332	91,320	15,472	47,382
Miscellaneous	168,579	154,566	88,516	102,179
<i>Total Governmental Activities</i>	<u>21,160,390</u>	<u>22,157,773</u>	<u>21,796,954</u>	<u>17,543,286</u>
Business-Type Activities:				
Investment Earnings	3,671	2,214	610	3,226
Miscellaneous	0	0	0	0
<i>Total Governmental Activities</i>	<u>3,671</u>	<u>2,214</u>	<u>610</u>	<u>3,226</u>
<i>Total Primary Government</i>	<u>\$ 21,164,061</u>	<u>\$ 22,159,987</u>	<u>\$ 21,797,564</u>	<u>\$ 17,546,512</u>
Change in Net Assets				
Governmental Activities	(1,059,479)	(922,610)	818,301	(2,176,331)
Business-Type Activities	(2,489)	(11,163)	(24,188)	23,706
<i>Total Primary Government</i>	<u>\$ (1,061,968)</u>	<u>\$ (933,773)</u>	<u>\$ 794,113</u>	<u>\$ (2,152,625)</u>

2002	2001
499,914	446,752
66,862	65,833
145,053	83,840
0	0
<u>30,762</u>	<u>23,922</u>
<u>742,591</u>	<u>620,347</u>
<u>1,635,064</u>	<u>1,538,033</u>
(18,894,069)	(18,049,089)
<u>39,941</u>	<u>25,714</u>
<u>\$ (18,854,128)</u>	<u>\$ (18,023,375)</u>
\$ 13,315,386	\$ 11,634,491
1,563,514	1,920,748
3,820,383	3,655,753
225,968	345,430
<u>20,176</u>	<u>28,824</u>
<u>18,945,427</u>	<u>17,585,246</u>
2,625	2,312
<u>0</u>	<u>0</u>
<u>2,625</u>	<u>2,312</u>
<u>\$ 18,948,052</u>	<u>\$ 17,587,558</u>
51,358	(463,843)
<u>42,566</u>	<u>28,026</u>
<u>\$ 93,924</u>	<u>\$ (435,817)</u>

Chagrin Falls Exempted Village School District
Program Revenues by Function/Program
Last Six Fiscal Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Governmental Activities				
Regular Instruction	\$ 157,946	\$ 186,247	\$ 166,919	\$ 174,850
Special Instruction	76,445	95,070	3,776	0
Pupil Support	274,369	299,472	233,621	232,784
Instructional Support	323,026	233,134	207,882	135,298
Administration	6,611	6,188	7,174	7,076
Fiscal	19,908	51,352	17,456	19,715
Pupil Transportation	0	0	0	0
Operation of Non Instructional	144,668	150,036	139,144	151,189
Extracurricular Activities	160,390	148,019	140,112	143,374
<i>Total Governmental Activities</i>	<u>1,163,363</u>	<u>1,169,518</u>	<u>916,084</u>	<u>864,286</u>
Business-Type Activities				
Food Service	564,741	645,497	675,420	605,450
Uniform School Supplies	92,293	96,152	74,349	69,600
Adult Education	243,275	184,228	191,304	171,745
Windsor Educational	0	0	0	67,909
<i>Total Business-Type Activities</i>	<u>900,309</u>	<u>925,877</u>	<u>941,073</u>	<u>914,704</u>
<i>Total Primary Government</i>	<u>\$ 2,063,672</u>	<u>\$ 2,095,395</u>	<u>\$ 1,857,157</u>	<u>\$ 1,778,990</u>

<u>2002</u>		<u>2001</u>	
\$	273,098	\$	169,600
	0		2,650
	171,852		170,467
	105,498		167,078
	6,933		7,510
	17,859		10,800
	0		19,811
	137,152		185,448
	180,081		184,322
	<u>892,473</u>		<u>917,686</u>
	530,676		470,674
	66,862		65,833
	145,053		83,840
	<u>0</u>		<u>0</u>
	<u>742,591</u>		<u>620,347</u>
\$	<u>1,635,064</u>	\$	<u>1,538,033</u>

Chagrin Falls Exempted Village School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund					
Reserved	\$ 2,233,821	\$ 3,709,598	\$ 2,738,475	\$ 1,618,655	\$ 2,541,652
Unreserved	(2,343,891)	(2,539,529)	(2,125,432)	(1,462,800)	(407,207)
<i>Total General Fund</i>	<u>(110,070)</u>	<u>1,170,069</u>	<u>613,043</u>	<u>155,855</u>	<u>2,134,445</u>
All Other Governmental Funds					
Reserved	8,125,446	1,348,098	491,541	313,346	345,549
Unreserved, Reported in:					
Special Revenue Funds	122,621	131,387	192,206	226,609	221,399
Debt Service Funds	2,082,765	1,936,245	1,400,736	1,251,625	1,113,357
Capital Projects Funds	626,179	9,002,702	40,976	68,594	518,257
Permanent Funds	0	53	0	0	0
<i>Total All Other Governmental Funds</i>	<u>10,957,011</u>	<u>12,418,485</u>	<u>2,125,459</u>	<u>1,860,174</u>	<u>2,198,562</u>
<i>Total Governmental Funds</i>	<u>\$ 10,846,941</u>	<u>\$ 13,588,554</u>	<u>\$ 2,738,502</u>	<u>\$ 2,016,029</u>	<u>\$ 4,333,007</u>

	2001	2000	1999	1998	1997
\$	1,644,965	\$ 1,803,982	\$ 1,799,117	\$ 1,630,884	\$ 1,599,330
	402,935	633,422	914,003	1,001,139	140,410
	<u>2,047,900</u>	<u>2,437,404</u>	<u>2,713,120</u>	<u>2,632,023</u>	<u>1,739,740</u>
	345,565	320,611	2,784,310	12,791,985	85,591
	200,068	213,329	103,800	98,825	86,701
	977,462	835,249	601,157	348,752	288,041
	673,101	1,363,673	2,216,603	4,031,213	4,054
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2,196,196</u>	<u>2,732,862</u>	<u>5,705,870</u>	<u>17,270,775</u>	<u>464,387</u>
\$	<u>4,244,096</u>	<u>\$ 5,170,266</u>	<u>\$ 8,418,990</u>	<u>\$ 19,902,798</u>	<u>\$ 2,204,127</u>

Chagrin Falls Exempted Village School District
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (1)
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Revenues:					
Taxes	\$ 16,139,165	\$ 18,329,367	\$ 17,162,148	\$ 13,302,500	\$ 14,855,371
Intergovernmental	4,933,626	4,959,482	4,708,937	4,324,258	4,189,224
Interest	505,332	91,320	15,472	47,382	227,195
Tuition and Fees	67,152	49,999	49,061	80,678	218,409
Extracurricular Activities	382,353	355,895	329,479	320,931	306,534
Rentals	19,908	51,352	17,456	19,715	17,859
Charges for Services	15,750	0	14,610	0	0
Contributions and Donations	154,981	113,747	87,483	80,252	0
Miscellaneous	13,418	4,429	10,133	33,738	74,718
<i>Total Revenues</i>	<u>22,231,685</u>	<u>23,955,591</u>	<u>22,394,779</u>	<u>18,209,454</u>	<u>19,889,310</u>
Expenditures:					
Current:					
Instruction:					
Regular	9,250,195	9,596,898	9,174,555	8,467,549	8,125,303
Special	1,476,836	1,646,045	1,336,903	1,175,284	1,335,649
Vocational	123,302	71,620	92,934	108,138	101,713
Adult Continuing	0	0	0	0	0
Other	34,060	29,720	37,335	5,912	18,144
Support Services:					
Pupils	1,104,862	1,146,396	1,082,514	1,066,929	969,626
Instructional Staff	1,357,804	1,204,234	1,073,138	981,533	944,988
Board of Education	89,883	83,115	79,733	63,569	65,947
Administration	1,883,737	1,875,080	1,573,006	1,475,971	1,383,754
Fiscal	603,709	945,044	614,891	640,565	547,204
Business	800	800	800	800	750
Operation and Maintenance of Plant	2,489,294	2,334,061	2,305,252	2,152,062	2,114,661
Pupil Transportation	1,143,620	1,130,762	1,058,296	1,066,596	988,953
Central	25,809	24,936	21,452	21,381	21,729
Operation of Non-Instructional Services	158,724	151,141	181,176	193,699	131,840
Extracurricular Activities	697,089	695,109	727,167	726,783	690,347
Capital Outlay	2,213,235	707,912	251,793	281,643	248,154
Debt Service:					
Principal Retirement	1,146,145	853,647	821,488	814,952	767,723
Interest and Fiscal Charges	1,285,623	1,174,244	1,240,118	1,283,851	1,349,265
Bond Issuance Costs	0	188,590	0	0	0
<i>Total Expenditures</i>	<u>25,084,727</u>	<u>23,859,354</u>	<u>21,672,551</u>	<u>20,527,217</u>	<u>19,805,750</u>
<i>Excess (Deficiency) of Revenue Over (Under) Expenditures</i>	(2,853,042)	96,237	722,228	(2,317,763)	83,560
Other Financing Sources (Uses):					
Inception of Capital Lease	0	0	0	0	6,636
Proceeds of Debt Issuance	0	9,949,990	0	0	0
Refunding Bonds	0	16,819,988	0	0	0
Payment to Refund Bond Escrow Agent	0	(18,082,289)	0	0	0
Proceeds from Sales of Capital Assets	1,205	0	245	785	1,465
Bond Premiums	0	2,066,126	0	0	0
Transfers In	430,471	315,750	325,450	478,409	51,992
Transfers Out	(320,247)	(315,750)	(325,450)	(478,409)	(54,742)
<i>Total Financing Sources and (Uses)</i>	<u>111,429</u>	<u>10,753,815</u>	<u>245</u>	<u>785</u>	<u>5,351</u>
<i>Net Change in Fund Balance</i>	<u>\$ (2,741,613)</u>	<u>\$ 10,850,052</u>	<u>\$ 722,473</u>	<u>\$ (2,316,978)</u>	<u>\$ 88,911</u>
Debt Service as a Percentage of Noncapital Expenditures	5.61%	4.08%	4.24%	4.49%	4.40%

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds.

	2001	2000	1999	1998	1997
\$	13,548,353	\$ 13,065,299	\$ 12,475,336	\$ 11,574,253	\$ 10,830,626
	4,102,753	3,896,047	3,649,354	3,551,367	3,081,055
	345,430	462,074	985,389	1,442,964	182,681
	48,658	140,660	16,012	86,350	87,737
	320,430	309,015	281,422	261,959	256,276
	14,020	15,781	10,029	7,303	15,549
	0	0	0	0	0
	46,478	108,254	67,461	59,355	64,026
	11,424	24,027	88,707	112,244	6,592
	<u>18,437,546</u>	<u>18,021,157</u>	<u>17,573,710</u>	<u>17,095,795</u>	<u>14,524,542</u>
	8,278,904	7,591,192	7,333,117	7,056,559	6,868,422
	1,162,013	935,067	740,261	691,861	571,148
	55,069	93,237	50,860	83,922	66,769
	0	0	0	0	0
	0	0	0	0	0
	918,002	828,402	712,100	719,057	724,191
	775,947	805,682	652,331	605,383	562,253
	57,571	69,321	73,104	60,420	72,577
	1,244,528	1,449,521	1,202,036	1,031,493	1,175,782
	428,235	426,562	449,769	410,866	364,143
	0	17,726	700	1,250	0
	2,057,061	1,937,576	1,650,103	1,687,855	1,671,468
	762,138	942,333	858,975	758,032	753,677
	0	20,571	19,903	17,592	24,370
	223,963	142,115	116,903	119,316	92,340
	632,153	621,872	549,811	563,341	479,381
	753,847	3,742,530	12,876,362	5,894,112	695,713
	742,172	439,058	283,101	189,727	163,529
	1,361,834	1,404,466	1,448,710	1,472,629	268,007
	0	0			
	<u>19,453,437</u>	<u>21,467,231</u>	<u>29,018,146</u>	<u>21,363,415</u>	<u>14,553,770</u>
	(1,015,891)	(3,446,074)	(11,444,436)	(4,267,620)	(29,228)
	31,426	142,726	0	110,836	0
	0	0	0	21,842,920	0
	0	0	0	0	0
	0	0	0	0	0
	0	8,469	2,312	1,230	1,106
	0	0	0	0	0
	45,578	347,485	245,201	240,400	312,323
	<u>(45,578)</u>	<u>(347,485)</u>	<u>(260,454)</u>	<u>(240,400)</u>	<u>(312,323)</u>
	<u>31,426</u>	<u>151,195</u>	<u>(12,941)</u>	<u>21,954,986</u>	<u>1,106</u>
\$	<u>(984,465)</u>	<u>(3,294,879)</u>	<u>(11,457,377)</u>	<u>17,687,366</u>	<u>(28,122)</u>
	4.47%	2.76%	1.96%	1.37%	1.22%

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

<u>Collection Year</u>	<u>Real Property (1)</u>		<u>Public Utility (2)</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
2006	\$ 452,868,880	\$ 1,293,911,086	\$ 7,173,560	\$ 8,151,772
2005	434,192,870	1,240,551,057	6,879,320	7,817,409
2004	431,105,710	1,231,730,600	6,873,410	7,810,693
2003	402,220,270	1,149,200,771	6,465,970	7,347,693
2002	387,295,710	1,106,559,171	7,051,550	8,013,125
2001	382,568,900	1,093,054,000	8,017,290	9,110,557
2000	345,547,240	987,277,829	8,504,240	9,663,909
1999	322,021,960	920,062,743	8,789,110	9,987,625
1998	317,890,080	908,257,371	9,112,050	10,354,602
1997	299,079,840	854,513,829	8,507,228	9,667,305

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

- (1) Real estate value is assessed at 35% of actual value.
- (2) Public utility personal is assessed at 88% of actual value.
- (3) Tangible personal property is assessed at 23% of actual value.

Tangible Personal Property (3)			Total		
<u>Assessed Value</u>	<u>Estimated Actual Value</u>		<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>
\$ 5,919,019	\$ 25,734,865		\$ 465,961,459	\$ 1,327,797,723	35%
7,210,137	31,348,422		448,282,327	1,279,716,888	35%
9,333,450	40,580,217		447,312,570	1,280,121,510	35%
10,781,967	43,127,874		419,468,207	1,199,676,338	35%
10,129,867	40,519,468		404,477,127	1,155,091,764	35%
9,737,879	38,951,516		400,324,069	1,141,116,073	35%
10,445,953	41,783,812		364,497,433	1,038,725,550	35%
9,536,826	38,147,304		340,347,896	968,197,672	35%
9,021,757	36,087,028		336,023,887	954,699,001	35%
9,403,380	37,613,520		316,990,448	901,794,654	35%

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

Collection Year	School Levy	Cuyahoga County Levy	Geauga County Levy	City Levy	Total Levy	Debt Service Included in Total Levy			
						School	County	City	Total
2005	100.90	20.30	15.10	11.50	147.80	6.25	0.50	3.20	9.95
2004	99.80	19.40	15.10	10.40	144.70	5.15	0.91	3.20	9.26
2003	92.20	17.60	14.60	10.40	134.80	5.45	0.91	2.10	8.46
2002	92.10	17.60	14.40	10.40	134.50	5.35	0.86	2.10	8.31
2001	92.30	17.60	14.40	10.50	134.80	5.55	0.79	2.20	8.54
2000	92.80	16.70	13.65	10.60	133.75	6.05	0.85	2.30	9.20
1999	88.00	16.70	13.45	10.70	128.85	5.45	0.72	2.40	8.57
1998	88.90	18.00	13.45	10.70	131.05	5.75	0.60	0.00	6.35
1997	83.90	18.00	13.45	6.50	121.85	1.35	0.90	0.00	2.25
1996	83.90	18.00	13.85	3.30	119.05	1.35	0.87	0.00	2.22

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

Chagrin Falls Exempted Village School District

*Property Tax Levies and Collections, Real, Public Utility Tax and Tangible Personal Property (1)
Last Ten Collection Years*

Year (2)	Total Tax Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Percent of Total Tax Collections to Tax Levy
2005	\$ 21,047,815	\$ 18,951,580	90.04%	\$ 818,133	\$ 19,769,713	93.93%
2004	20,789,650	19,109,806	91.92%	522,175	19,631,981	94.43%
2003	17,181,312	15,408,518	89.68%	566,722	15,975,240	92.98%
2002	16,715,910	15,247,743	91.22%	469,969	15,717,712	94.03%
2001	16,632,773	15,487,332	93.11%	129,365	15,616,697	93.89%
2000	16,316,023	15,384,560	94.29%	357,567	15,742,127	96.48%
1999	14,530,724	13,543,133	93.20%	475,513	14,018,646	96.48%
1998	14,083,263	13,235,117	93.98%	247,088	13,482,205	95.73%
1997	11,772,598	11,509,984	97.77%	311,206	11,821,190	100.41%
1996	12,110,986	11,386,529	94.02%	230,583	11,617,112	95.92%

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

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

(2) Represents collection year. 2006 information cannot be presented because all collections have not been made by June 30.

Chagrin Falls Exempted Village School District
Principal Taxpayers
Real Estate Tax
December 31, 2005 and December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
December 31, 2005		
Edmund A. Leopold	1,704,380	0.38%
Manorcare Health Service	1,032,500	0.23%
Alcoa, Inc.	995,610	0.22%
530 Washington. LLC.	776,310	0.17%
Merida Health System	451,890	0.10%
Kelly J. Noble	378,270	0.08%
South Runell Family	350,010	0.08%
Cipriani Investment	350,010	0.08%
Richard R. Black	345,950	0.08%
Chagrin River Land	325,120	0.07%
Totals	<u>\$ 6,710,050</u>	<u>0.88%</u>
Total Assessed Valuation	<u>\$ 452,868,880</u>	
December 31, 2000		
Emcore Retirement Partners	\$ 4,325,960	1.13%
Chagrin Falls Shopping Plaza, LTD	1,408,360	0.37%
Edmund A. Leopold	1,406,030	0.37%
Western Reserve Company	1,284,640	0.34%
Merida Health System	1,159,830	0.30%
Alterra Health Care (Clare Bridge of Bainbridge)	802,910	0.21%
River Street Partners LLC.	642,880	0.17%
The Bar Group LLC.	640,230	0.17%
Epsilon of Chagrin Falls, Inc.	429,140	0.11%
Artificial Plant Co.	380,310	0.10%
Totals	<u>\$ 12,480,290</u>	<u>3.26%</u>
Total Assessed Valuation	<u>\$ 382,568,900</u>	

Source: Cuyahoga County Auditor for 2005 and Geauga and Cuyahoga County Auditors for 2000

(1) Assessed values are for the 2006 collection year for 2005 and the 2001 collection year for 2000.

Chagrin Falls Exempted Village School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2005 and December 31, 2000

Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
December 31, 2005		
Alcoa Inc.	995,610	16.80%
Stride Tool Inc.	438,860	7.40%
Adelphia of the Midwest	345,130	5.80%
CVS Drug	212,880	3.60%
Chagrin Pet and Garden	204,660	3.50%
Giant Eagle Foods	193,110	3.30%
Cuff's Clothing	187,080	3.20%
DeLage Landen	167,140	2.80%
Nalco Company	165,920	2.80%
Victory Packaging	159,800	2.70%
Totals	<u>\$ 3,070,190</u>	<u>51.90%</u>
Total Assessed Valuation	<u>\$ 5,919,019</u>	
December 31, 2000		
Stride Tool, Inc.	\$ 826,460	10.31%
Cablevision of Midwest, Inc.	246,880	3.08%
IVEX	143,289	1.79%
IBI Brake Productis	118,650	1.48%
Alterra Healthcare	73,040	0.91%
Brewster and Stroud	53,339	0.67%
Althans Insurance	47,500	0.59%
Telerama, Inc.	41,374	0.52%
Lad Lavicka, Inc.	36,110	0.45%
Cameo CC	30,780	0.38%
Totals	<u>\$ 1,617,422</u>	<u>20.18%</u>
Total Assessed Valuation	<u>\$ 8,017,290</u>	

Source: Cuyahoga County Auditor.

Chagrin Falls Exempted Village School District
Principal Taxpayers
Public Utility Personal Property Tax
December 31, 2005 and December 31, 2000

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Real Assessed Value</u>
December 31, 2005		
Cleveland Electric Illuminating Company	2,267,400	58.00%
Cingular Wireless	629,560	16.11%
Alltel Ohio	216,520	5.54%
Western Reserve Telephone	202,230	5.18%
Totals	<u>\$ 3,315,710</u>	<u>84.83%</u>
Total Assessed Valuation	<u>\$ 3,315,710</u>	
December 31, 2000		
Cleveland Electric Illuminating Company	\$ 4,483,450	46.04%
Ohio Bell Telephone Company	641,310	6.59%
East Ohio Gas Company	671,490	6.90%
Western Reserve Telephone Company	248,660	2.55%
GTE Mobilnet of Ohio	119,210	1.22%
Totals	<u>\$ 6,164,120</u>	<u>63.30%</u>
Total Assessed Valuation	<u>\$ 9,737,879</u>	

Source: Cuyahoga County Auditor.

Chagrin Falls Exempted Village School District
Computation of Direct & Overlapping General Obligation Bonded Debt
as of June 30, 2006

	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Application to School District
Direct:			
Chagrin Falls Exempted Village	\$ 29,479,978	100.00%	\$ 29,479,978
Overlapping:			
Cuyahoga County	231,365,971	0.93%	2,151,704
Regional Transit Authority	139,790,000	0.93%	1,300,047
Bentleyville Village	995,000	21.08%	209,746
Chagrin Falls Village	4,265,000	58.50%	2,495,025
Moreland Hills Village	1,290,000	16.06%	207,174
Total Overlapping	377,705,971		6,363,696
Total	\$ 407,185,949		\$ 35,843,674

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2006 collection year.

Chagrin Falls Exempted Village School District
Computation of Legal Debt Margin
 June 30, 2006

	2006	2005	2004	2003
Assessed Valuation	\$ 465,961,459	\$ 448,282,327	\$ 447,312,570	\$ 418,605,651
Bonded Debt Limit - 9% of Assessed Value (1)	\$ 41,936,531	\$ 40,345,409	\$ 40,258,131	\$ 37,674,509
Outstanding debt:				
General Obligation Bonds	29,479,978	30,619,978	21,515,000	22,310,000
Less Amount Available in Debt Service	(2,445,341)	(2,447,563)	(1,754,657)	(1,432,349)
Total	27,034,637	28,172,415	19,760,343	20,877,651
Exemptions:				
Tax Anticipation Notes	-	-	-	-
Energy Conservation Note	-	-	-	-
Amount of Debt Subject to Debt Limit:	27,034,637	28,172,415	19,760,343	20,877,651
Overall Debt Margin	\$ 14,901,894	\$ 12,172,994	\$ 20,497,788	\$ 16,796,858
Bonded Debt Limit - .1% of Assessed Value (1)	465,961	448,282	447,313	418,606
Amount of Debt Applicable	-	-	-	-
Unvoted Debt Margin	\$ 465,961	\$ 448,282	\$ 447,313	\$ 418,606

Source: Cuyahoga and Geauga County Auditors and School District Financial Records

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

2002	2001	2000	1999	1998
<u>\$ 404,477,127</u>	<u>\$ 400,324,069</u>	<u>\$ 364,497,433</u>	<u>\$ 340,347,896</u>	<u>\$ 316,990,448</u>
\$ 36,402,941	\$ 36,029,166	\$ 32,804,769	\$ 30,631,311	\$ 28,529,140
23,080,000	23,775,000	24,450,000	24,840,000	3,435,000
(1,414,155)	(1,167,897)	(1,086,369)	(838,631)	(339,701)
<u>21,665,845</u>	<u>22,607,103</u>	<u>23,363,631</u>	<u>24,001,369</u>	<u>3,095,299</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>21,665,845</u>	<u>22,607,103</u>	<u>23,363,631</u>	<u>24,001,369</u>	<u>3,095,299</u>
<u>\$ 14,737,096</u>	<u>\$ 13,422,063</u>	<u>\$ 9,441,138</u>	<u>\$ 6,629,942</u>	<u>\$ 25,433,841</u>
404,477	400,324	364,497	340,348	316,990
-	-	-	-	-
<u>\$ 404,477</u>	<u>\$ 400,324</u>	<u>\$ 364,497</u>	<u>\$ 340,348</u>	<u>\$ 316,990</u>

Chagrin Falls Exempted Village School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Percentage of Personal Income (2)	Net Debt Per Capita
2006	\$ 29,479,978	0.32%	\$ 2,036
2005	30,619,978	N/A	2,114
2004	21,515,000	N/A	1,486
2003	22,310,000	N/A	1,541
2002	23,080,000	N/A	1,594
2001	23,775,000	N/A	1,642
2000	24,450,000	N/A	1,948
1999	24,840,000	N/A	2,054
1998	25,095,000	N/A	2,075
1997	3,435,000	N/A	284

Source:

(1) School District Financial Records

(2) Information prior to 6/30/06 unavailable

Chagrin Falls Exempted Village School District
Ratio of Debt
to Assessed Value and Debt per Capita
Last Nine Fiscal Years

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Debt Bonded Debt Per Capita
2006	14,481	\$ 1,327,797,723	29,479,978	\$ 2,445,341	\$ 27,034,637	2.04%	\$ 1,867
2005	14,481	1,280,121,510	30,619,978	2,447,563	28,172,415	2.20%	1,945
2004	14,481	1,199,676,338	21,515,000	1,754,657	19,760,343	1.65%	1,365
2003	14,481	1,155,091,764	22,310,000	1,432,349	20,877,651	1.81%	1,442
2002	14,481	1,141,116,073	23,080,000	1,414,155	21,665,845	1.90%	1,496
2001	14,481	1,038,725,550	23,775,000	1,167,897	22,607,103	2.18%	1,561
2000	12,552	968,197,672	24,450,000	1,086,369	23,363,631	2.41%	1,861
1999	12,096	954,699,001	24,840,000	838,631	24,001,369	2.51%	1,984
1998	11,938	901,794,654	3,435,000	339,701	3,095,299	0.34%	259

Source:

(1) U.S. Census of Population

(2) Cuyahoga and Geauga County Auditors.

Chagrin Falls Exempted Village School District
Demographic and Economic Statistics
Last Ten Years

Year	Cuyahoga County Population (1)	Geauga County Population (1)	Bentleyville Village Population (2)	Chagrin Falls Village Population (2)
2006	1,386,096	90,895	900	4,652
2005	1,386,096	90,895	900	4,652
2004	1,386,096	90,895	900	4,652
2003	1,386,096	90,895	900	4,652
2002	1,386,096	90,895	900	4,652
2001	1,386,096	90,895	900	4,652
2000	1,386,096	89,598	900	4,652
1999	1,386,096	87,913	900	4,652
1998	1,397,694	86,054	1,017	4,146
1997	1,398,169	86,054	1,017	3,993

(1) Cleveland Plain Dealer Newspaper.

(2) U.S. Census of Population, Alta Vista.

(3) Department of Job and Family Services.

Moreland Hills Village Population (2)	South Russell Township Population (2)	Per Capita Income	Personal Income	Cuyahoga County Unemployment Rate (3)	Geauga County Unemployment Rate (3)
3,400	5,560	1.6	92,991	4.9	3.4
3,400	5,560	N/A	N/A	4.8	3.2
3,400	5,560	N/A	N/A	4.8	3.2
3,400	5,560	N/A	N/A	4.8	3.2
3,400	5,560	N/A	N/A	4.8	3.2
3,400	5,529	N/A	N/A	4.6	3.0
3,400	3,600	N/A	N/A	4.6	2.8
3,400	3,600	N/A	N/A	4.5	3.0
3,354	3,579	N/A	N/A	4.0	3.5
3,349	3,579	N/A	N/A	5.0	3.6

Chagrin Falls Exempted Village School District
Principal Employers
Current and Five Years Ago

Employer	Nature of Business	2006		
		Employees	Rank	Percentage of Total Employment (1)
Chagrin Falls Exempted Village Schools	Public Schools	250	1	N/A
Giant Eagle, Inc.	Grocery Store	150	2	N/A
Hamlet Village LLC	Healthcare Services	125	3	N/A
Gamekeepers Hospitality Inc.	Restaurant	120	4	N/A
Windsor Hospital	Healthcare Services	104	5	N/A
Village of Chagrin Falls	Government	67	6	N/A
Smith Barney	Financial Services	55	7	N/A
Gleeson Construction	Property Manager	55	8	N/A
First Union Securities	Financial Services	39	9	N/A

(1) After extensive research, this information was not available.

2001		
Employees (1)	Rank (1)	Percentage of Total Employment (1)
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

Chagrin Falls Exempted Village School District
Building Statistics by Function/Program
Current Fiscal Year

Gurney Elementary School

Constructed in 1966, additions in 1968,1971,1998	
Total Building Square Footage	66,472
Enrollment Grades	PreK-3
Student Capacity - enrollment	584
Regular Instruction Classrooms	39
Regular Instruction Teachers	29
Special Instruction Teachers	9

Chagrin Falls Intermediate School

Constructed in 1914, additions in 1939, 1952	
Total Building Square Footage	71,243
Enrollment Grades	4-6
Student Capacity - enrollment	436
Regular Instruction Classrooms	28
Regular Instruction Teachers	27
Special Instruction Teachers	6

Chagrin Falls Middle School

Constructed in 1999	
Total Building Square Footage	103,537
Enrollment Grades	7-8
Student Capacity - enrollment	492
Regular Instruction Classrooms	24
Regular Instruction Teachers	22
Special Instruction Teachers	3

Chagrin Falls High School

Constructed in 1957, additions in 1961,1965,1968,1971	
Total Building Square Footage	116,404
Enrollment Grades	9-12
Student Capacity - enrollment	649
Regular Instruction Classrooms	44
Regular Instruction Teachers	46
Special Instruction Teachers	2

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

Year	General Fund Expenditures	Average Daily Student Enrollment	Cost Per Pupil
2006	\$ 19,296,420	1,956	\$ 9,865
2005	24,249,901	1,901	12,756
2004	21,894,737	1,970	11,114
2003	20,583,903	1,967	10,465
2002	19,786,542	1,914	10,338
2001	15,879,362	1,919	8,275
2000	15,237,712	1,935	7,875
1999	13,874,579	1,866	7,435
1998	13,417,929	1,901	7,058
1997	12,986,327	1,855	7,001

Source: School District Financial Records

Chagrin Falls Exempted Village School District
Full-Time Equivalent School District Teachers by Education
Last Ten Fiscal Years

Degree	2006	2005	2004	2003
Bachelor's Degree	18	15	21	22
Bachelor + 10	8	6	9	13
Bachelor + 20	10	17	15	15
Bachelor + 30	14	17	17	14
Master's Degree	56	46	40	45
Master's + 10	28	29	26	23
Master's + 20	12	12	14	10
Master's + 30	9	10	10	10
Phd	1	1	1	1
Total	156	153	153	153

Source: School District Personnel Records.

2002	2001	2000	1999	1998	1997
23	30	22	21	18	19
12	9	10	10	10	10
15	14	19	19	19	23
14	16	14	13	11	8
47	45	42	41	35	38
18	21	19	21	21	19
12	7	10	10	7	7
8	7	9	9	11	9
1	1	1	1	1	1
150	150	146	145	133	134

Chagrin Falls Exempted Village School District
Enrollment Statistics
Last Ten Fiscal Years

Year	Elementary School	Intermediate School	Middle School	High School	Total
2006	515	422	315	651	1,903
2005	464	446	315	638	1,863
2004	462	431	314	645	1,852
2003	458	447	330	632	1,867
2002	475	447	327	597	1,846
2001	483	458	338	580	1,859
2000	490	470	338	556	1,854
1999	444	328	466	555	1,793
1998	409	335	453	567	1,764
1997	418	314	430	524	1,686

Source: School District Records

Chagrin Falls Exempted Village School District
Average Number of Students Per Teacher
Last Eight Fiscal Years

Fiscal Year	Chagrin Falls Average	State Average
2006	16.5	18.9
2005	17.2	18.5
2004	17.5	18.5
2003	15.5	16.6
2002	16.1	16.9
2001	17.8	18.0
2000	18.0	18.1
1999	18.6	18.6

Source: Ohio Department of Education, EMIS Reports.

Chagrin Falls Exempted Village School District
Attendance and Graduation Rates
Last Nine School Years

Fiscal Year	Chagrin Falls Attendance Rate	State Average	Chagrin Falls Graduation Rate	State Average
2006	96.1	94.1	98.8	86.2
2005	96.0	94.3	100.0	85.9
2004	95.7	94.5	100.0	84.3
2003	95.4	94.5	96.6	83.9
2002	96.1	94.3	98.6	82.8
2001	95.6	93.9	97.1	81.2
2000	96.2	93.6	99.3	80.7
1999	95.3	93.5	99.2	81.4
1998	95.8	93.9	96.3	79.9

Source: Ohio Department of Education Local Report Cards

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Chagrin Falls Exempted Village School District
SAT Scores
Last Eight Fiscal Years

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Chagrin Falls Verbal	Ohio Verbal	National Verbal
2006	N/A	168	N/A	N/A	N/A	N/A
2005	153	174	88	569	538	508
2004	142	164	87	555	538	508
2003	121	139	87	555	536	507
2002	133	144	92	547	533	504
2001	121	137	88	544	534	506
2000	124	135	92	547	533	505
1999	104	120	87	541	534	505

Source: High School Guidance Office

Chagrin Falls Math	Ohio Math	National Math
N/A	N/A	N/A
595	542	518
580	542	518
597	541	519
589	540	516
570	539	514
579	539	514
565	538	511

Chagrin Falls Exempted Village School District
ACT Composite Scores
Last Eight Fiscal Years

School Year	Number of Test Takers	Number of Seniors	Percent of Students	Chagrin Falls Composite	Ohio Composite	National Composite
2006	108	168	64%	25.1	21.5	20.9
2005	131	174	75%	25.4	21.4	20.9
2004	103	164	63%	24.1	21.4	20.9
2003	95	139	68%	24.9	21.4	20.8
2002	97	144	67%	24.6	21.4	20.8
2001	101	137	74%	23.6	21.4	21.0
2000	103	135	76%	23.5	21.4	21.0
1999	93	120	78%	23.2	21.4	21.0

Source: High School Guidance Office

Chagrin Falls Exempted Village School District
School District Employees by Function/Program
Last Two Fiscal Years

Function	2006	2005
Regular Instruction		
Elementary Classroom Teachers	28.00	27.00
Intermediate Classroom Teachers	25.00	24.50
Middle School Classroom Teachers	21.50	20.50
High School Classroom Teachers	42.00	42.00
Special Instruction		
Elementary Classroom Teachers	7.00	7.50
Intermediate Classroom Teachers	5.50	5.00
Middle School Classroom Teachers	2.50	2.00
High School Classroom Teachers	2.00	2.00
Pupil Support Services		
Guidance Counselors	6.00	6.00
Librarians	2.00	2.00
Psychologists	1.00	1.00
Speech and Language Pathologists	2.00	2.00
Non-Teaching Support Staff Central	2.00	2.00
Instructional Support Services		
Non-Teaching Support Staff Elementary	13.50	12.50
Non-Teaching Support Staff Intermediate	7.00	7.00
Non-Teaching Support Staff Middle	5.00	4.00
Non-Teaching Support Staff High	6.50	6.00
Non-Teaching Support Staff Central	3.00	3.00
Administration		
Elementary	1.00	1.00
Intermediate	1.00	1.00
Middle School	1.00	1.00
High School	2.00	2.00
Business	2.50	2.50
Central	2.50	2.50
Business		
Treasurer Department	4.00	4.00
Operation of Plant		
Custodian Department	19.00	19.00
Maintenance Department	4.00	5.00
Pupil Transportation		
Bus Drivers	20.00	21.00
Mechanics	1.50	1.50
Transportation Support Staff	0.50	0.50
Central		
Community Relations	1.00	1.00
Technology	3.00	3.00
Personnel	0.50	0.50
Extracurricular		
Athletic Department	2.00	2.00
Food Service Program		
Elementary	2.00	2.00
Intermediate	2.00	2.00
Middle School	2.00	3.00
High School Cooks	5.00	5.00
Central	1.00	1.00
Adult Education/Community Service		
Adult Education	1.50	1.50
Totals	260.50	258.00

Method: Using 1.0 for each full-time employee and .50 for each part-time and seasonal employee.



Mary Taylor, CPA
Auditor of State

CHAGRIN FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 30, 2007**