

CHARDON LOCAL SCHOOL DISTRICT

Audit Report

For the Year Ended June 30, 2004

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants



**Auditor of State
Betty Montgomery**

Board of Education
Chardon Local School District
428 North Street
Chardon, Ohio 44024

We have reviewed the Independent Auditor's Report of the Chardon Local School District, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. 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 Chardon Local School District is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

February 1, 2005

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CHARDON LOCAL SCHOOL DISTRICT
Audit Report
For the Year Ended June 30, 2004

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**OPINION ON SUPPLEMENTARY SCHEDULE
OF FEDERAL AWARDS EXPENDITURES**

**Board of Education
Chardon Local School District
Chardon, Ohio**

We have audited the financial statements of the Chardon Local School District (the District) as of and for the year ended June 30, 2004, and have issued our report thereon dated December 28, 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits conducted 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 opinion.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Chardon Local School District taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget, Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
December 28, 2004

CHARDON LOCAL SCHOOL DISTRICT, OHIO
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Receipts	Expenditures
<u>U.S. Department of Agriculture:</u>				
Pass through Ohio Department of Education				
Nutrition Cluster:				
Food Distribution - Commodities - See Note 2	10.550	n/a	\$ 119,472	\$ 119,472
National School Lunch Program	10.555	47183-04-PU-03	5,276	5,276
Total Nutrition Cluster			124,748	124,748
U.S. Department of Agriculture			124,748	124,748
<u>U.S. Department of Education:</u>				
Pass through Ohio Department of Education				
Title I - Financial Assistance to Meet Special Educational Needs of Disadvantaged Children				
Title I - FY03	84.010	47183-C1-S1-03	118,318	112,837
Total Title I			118,318	112,837
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
IDEA - B - FY03	84.027	47183-6B-SF-02P	74,615	80,221
IDEA - B - FY04	84.027	47183-6B-SF-03P	457,534	429,456
Total Title VI - B			532,149	509,677
Drug - Free School Grant				
Title IV - SDFSC	84.186	47183-DR-S1-03	11,050	11,050
Title IV - SDFSC	84.186	47183-DR-S1-03	-	1,607
Total Drug - Free School Grant			11,050	12,657
Innovative Education Program Strategies				
Title V - FY04	84.298	47183-C2-S1-01	31,406	31,007
Innovative Education Program Strategies - FY04	84.298	47183-C2-S1-02	11,411	15,587
Total Innovative Education Program Strategies			42,817	46,594
Reducing Class Size				
Title IIA - FY04	84.340	47183-CR-S1-02	85,886	85,209
Improving Teacher Quality	84.340	47183-CR-S1-03	23,964	23,965
Total Reducing Class Size			109,850	109,174
Reducing Class Size				
Title IID - FY04	84.352	47183-CR-S1-02	2,730	2,730
SchoolNet - FY03	84.352	47183-CR-S1-03	-	16,459
Total Reducing Class Size			2,730	19,189
Total U.S. Department of Education			816,914	810,128
TOTAL FEDERAL AWARDS EXPENDITURES			\$ 941,662	\$ 934,876

See Notes to the Schedule of Awards Expenditures

CHARDON LOCAL SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2004

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had immaterial food commodities in inventory recorded in the Enterprise Fund.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**Board of Education
Chardon Local School District
Chardon, Ohio**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chardon Local School District (the District) as of and for the year ended June 30, 2004, which collectively comprises the District's basic financial statements and have issued our report thereon dated December 28, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Controls Over Financial Reporting

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

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
December 28, 2004

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

**Board of Education
Chardon Local School District
Chardon, Ohio**

Compliance

We have audited the compliance of the Chardon Local School District (the District) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
December 28, 2004

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**CHARDON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

CHARDON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2004

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

CHARDON LOCAL SCHOOL DISTRICT

GEAUGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: Per ADAM 2001-10-disclose the current year finding in this schedule
2003-001	Ohio Revised Code Section 5705.41 (B)&(D)- Expenditures plus Encumbrances exceed Appropriations	Yes	Finding no Longer Valid

Chardon Local School District, Ohio

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

Issued by:
Stephanie Swain, Treasurer
Treasurer's Office

Chardon Local School District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2004

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Chardon Local School District
 Comprehensive Annual Financial Report
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Chardon Local School District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2004

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Introductory Section

Chardon Local School District

428 North Street
Chardon, Ohio 44024
Phone: (440) 285-4052

Administrative Offices



Pursuing Excellence

December 28, 2004

Board of Education Members
Chardon Local School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Chardon Local School District for the fiscal year ended June 30, 2004. This CAFR includes an opinion from Charles E. Harris and Associates, Inc. and conforms to generally accepted accounting principles as applicable to government entities. Responsibility for 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 are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District. This report will provide the taxpayers of the Chardon Local School District with comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to officials of the City of Chardon, the Village of Aquilla, the Chardon Township, Claridon, Hambden and Munson, the Geauga County Public Library, 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, Organizational Chart of the District and the GFOA Certificate of Achievement.
2. The Financial Section which begins with the Report of Independent Accountants and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements by fund type, and other statements that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends and fiscal capacity of the District.

The School District

Chardon Local School District is located in northeastern Ohio, approximately 40 miles east of Cleveland. The District includes the City of Chardon, the Village of Aquilla and the Townships of Munson, Hambden, Chardon and part of Claridon.

Chardon is one of seven school districts located in Geauga County. Approximately 5,000 people live in Chardon, while over 90,895 reside in surrounding Geauga County. When Chardon was established as a Western Reserve community, the pioneers, who mainly came from New England, modeled their new existence after their New England heritage. The settlers showed the importance they attached to common school education from which they had received so much benefit. They implemented voluntary associations for district schools wherever a sufficient number of youths and children could be gathered. Classes were held in homes, and schoolhouses were built before any legal organizations were affected. The townships were geographically scattered, and because travel was restrictive, the pioneers created several small primary grade schools in each township and village for the local students. In 1908, Chardon High School was built on the Chardon Square and the townships sent their children to this institution for secondary education. Around 1957 the townships merged their grade schools to become what is currently the Chardon Local School District. The District consists of one high school, one middle school, four elementary schools, one administration building and one garage.

Chardon School District is one of the 612 school districts in the State of Ohio. The District provides education to 3,210 students in grade K-12, including special education services to 375 students.

Statutorily, the District operates under the 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 education services mandated by the State and Federal agencies.

The Reporting Entity and Services Provided

The Chardon Local 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 Chardon Local School District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the School District are the City of Chardon, Village of Aquilla, Chardon, Hambden, Claridon and Munson Townships, the Geauga County Library, the Parent Teacher Organizations and the nonpublic schools.

The School District participates in five jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Auburn Career Center, the East Shore Center, the East Shore Regional Transportation System and the Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 14 and 15 to the Basic Financial Statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the Basic Financial Statements.

Economic Condition and Outlook

The School District is located near the intersections of Route 90 and Route 44 about 40 miles east of Cleveland. The School District is home to many young families with incomes and housing values that are above state and county averages. Residential property is upper middle class, and properties are well kept. The Chardon area also encompasses a diverse and growing mix of commercial and light industrial properties. Major employers include Chardon Rubber, Eltech System Corporation and Litton Industrial Automation.

The School District is very fortunate in that the tax base continues to grow as more and more land is developed for housing and business. The District anticipates the assessed valuations to increase every year. For calendar year 2004, the District's assessed valuation was \$571,220,300 and for calendar year 2003 it was \$555,073,550.

Contrary to popular belief, the School District does not benefit financially in comparison to the percentage increases to assessed valuation from year to year. Rather, the School District benefits significantly less due to House Bill 920, which was passed in 1976. House Bill 920 prohibits school districts from realizing additional revenue from previously voted millage due to reappraisal of existing property values. Thus, a district must obtain approval of voters for additional revenue through tax levies. Fortunately for the Chardon Local School District, voters have been extremely supportive of operating levies. This was evident in March of 2000, as voters approved a continuing operating levy of 4.78 mills. Voters in the District have approved continuing tax levies of 5.5 mills, 4.9 mills, 5.5 mills, 7.3 mills and 5.8 mills in 1977, 1982, 1987, 1989, and 1995 respectively.

Of the School District's general fund operations, 65.7 percent of the general fund revenue comes from real estate taxes on residential, commercial and industrial properties and tangible personal property taxpayers with 32.1 percent being received from various forms of State aid including reimbursement of homestead and rollback reductions on property taxes. Investment earnings are 0.24 percent and other revenues are 19.2 percent.

The School District maintains a strategic fiscal plan, which incorporates the State required five-year plan. The current long-term fiscal plan reflects a negative cash balance during the 2006 fiscal year. The School District has a long history of local support. Continued voter support, and a healthy tax base are crucial to the long-term financial health of the School District.

Major Initiatives

The Chardon Local District is excited about the future. Voters approved a 4.78 mill operating levy in March of 2000. With the success of this issue, the District was able to accomplish a number of initiatives in the area of curriculum development, programming, and student services. Our Strategic Planning was initiated in 1995 and was completed in 2000 and the second cycle of long range strategic planning was begun in 2001 and will continue to 2006.

During the planning stages for the Strategic Plan, major efforts were geared toward developing, improving, and refining educational services to improve students' academic success.

Specifically:

- Curriculum Process Model
- Assessment in all subject areas Grades K-12
- Technology that is integrated with the instructional areas
- Implemented curriculum in mathematics using NCTM standards
- Hands-on science curriculum and materials introduced at elementary grade levels and expanded through the middle and high school grade levels
- Additional communications and meetings throughout the District for parents and members of the community
- Continued staff development opportunities developed from the curriculum development process and building level CIP committees
- Intervention assistance for Proficiency Tests at all levels
- Parent organizations and opportunities for involvement at all levels
- Upgrading technology at all levels. This includes both management and instructional usage
- Business Advisory Council
- Chardon Schools Foundation
- New Gifted, Art, Foreign Language and Library Media Curriculums
- Community Service Projects developed at all levels
- Career education opportunities and resources at all levels
- New K-12 Math, Language Arts, and other core subject areas.
- Park School recognized as Hall of Fame School
- Munson School recognized as Hall of Fame School
- Middle School recognized as a National Blue Ribbon School
- National Principal of the year – Adda Porter, Munson Elementary
- Superintendent's Award for Exemplary Educational Leadership – State Level
- District selected as School Match School for what Parents want in schools
- Nursing support at all buildings
- Upgraded all school facilities, both inside and outside, within current operating budget
- District continues an Excellent Rating on the State Report Card
- Strategic Plan developed for long-term goals of the District

Outlook for the Future

For the future, the School District's overall focus will be to continue to improve the educational program for the benefit of students, parents and community residents. The process involves assessing current programs, identifying strengths and weaknesses, developing and implementing new courses of action, and evaluating the results.

Guiding the way will be the School District's Strategic Plan. Initially developed in 1994 with input from more than 200 people, including parents, volunteers, students, school administrators, teachers, classified staff members, representatives from business, industry and the community at large, the plan provides the framework to move the District into the 21st century. Many of the initiatives for this school year are outgrowths of our Strategic Plan. Specific initiatives for 2003-04 were as follows:

Technology

- Maintain the WWW portal for the school system
- Teach and enforce the legal use of software
- Repair/replace equipment on an as-needed basis and return in timely manner
- Purchase about 50 additional computers for classrooms, labs and offices
- Familiarize staff with hardware and software for curricular area acquired in conjunction with Course of Study revisions.
- Provide increased and continuous inservice options
- Acquire and upgrade audio/visual equipment to complement the curriculum
- Provide the necessary supplies to support the technology used throughout the School District
- Obtain alternative funding for technology (e.g., One Net, Erate)
- Provide a sufficient number of licensed copies of all the standard software used within the District for both management and classroom applications.
- Maintain the network and server on a continuous basis
- Explore options for paperless communication
- Encourage increased use of e-mail for parent/student/school communication

Curriculum

- Oversee the implementation, including staff development, of Language Arts Course of Study and Foreign Language Course of Study and changes needed to prepare for the OGT.
- Identify the curricular area(s) to be developed or revised during 2005-2006.
- Establish a yearly budget for curriculum development or revision, including money for teacher release time, textbooks, and materials.
- Form Curriculum Core Committees for studying K-12 Library Media, Social Studies, and Health.

- Begin process for selection of instructional materials which best allow teachers to follow the curriculum and teach to a variety of learning styles.
- Purchase newly adopted texts/instructional materials
- Supervise the suggested timeline for curriculum development/revision so tasks are accomplished in a timely fashion with ample time for teachers to prepare to teach the new material.
- Provide professional development for staff on legal, and mission statement mandates, acceptance of diverse needs and strategies and techniques for teaching special education students in the regular classroom in order to improve instruction for all students.

Partnerships

- Continue to strengthen partnerships with social service agencies
- Promote diversity awareness and sensitivity at all grade levels by establishing partnerships with diverse populations.
- To increase public participation in school activities and promote a sense of Cooperation. Admit, at no charge, Chardon District senior citizens to all school functions.
- Offer after-school classes for parents and students.
- Increase parent-teacher partnerships to assure student academic success.
- Increase partnerships between Chardon's elementary schools and the local early childhood educators.

Communications

- Using appropriate software, maintain a district-wide system of scheduling/calendar that coordinates activities with other buildings and school organizations to decrease parent confusion in trying to attend overlapping activities.
- Maintain the currency of the district website by providing current information as a way to improve communication. A link for the five-year forecast and Comprehensive Annual Financial Report has been created to address financial questions.
- Evaluate the effectiveness of the student-staff parent suggestion boxes in all buildings.
- Create a "key communicators" email network that will keep business and community leaders abreast of district news.
- Publish a newsletter to semiannually update all employees of the district's progress on the implementation and update of the strategic plan.
- Refine and communicate the problem resolution system that addresses school-related parental concerns.
- Develop materials that reinforce and tell the school district's story and expectations
- Develop programs to celebrate the success and achievement of teachers and support staff.

Safe Schools

- Install a two-way communication between the classrooms and the office at all elementary buildings.
- Establish and implement an annual school inspection of all furniture and equipment in and around each facility for determination of repair or replacement in order to provide a safe, injury-free learning and working environment.
- Implement an annual accident review and report for each building in order to identify and eliminate recurring problem areas.
- Review, update and continue to modify all safety plans in the district.

Facilities

- Maximize the current use of our facilities
 - Convert tech lab to science classes at High School
 - Continue to monitor student enrollments and facility options
 - Improve athletic facilities/fields
- Continue to communicate the need for additional space to educate the students of Chardon.
- Improve handicapped accessibility to approach ADA standards.
- Continue to renovate Munson Elementary to update it for continued use as an elementary school building.
- Develop and complete a master plan on facilities for the Chardon School District.

Service Efforts

Preparing students to be responsible adults is an important tenet of the School District's mission to prepare students to be good citizens. Students are encouraged to work collaboratively with their communities in a variety of ways. For example, students sponsor food and clothing drives for needy families, perform musical selections for residents of local nursing homes, and create artwork to brighten the rooms of residents at a local hospice. Other examples of students' community service efforts during the last school year are as follows:

- Gold Card - recognizing Senior Citizens
- Students partnerships with Heather Hill
- Jump Start to Reading Program for pre-school children
- Jump Start for Heart Program at elementary schools
- Students participate in HANDS Program
- Students involved in grounds clean-up
- WomenSafe - student participation
- Veterans Day Activities
- United Way fundraising drive
- Hunger Task Force
- Coats for Kids at Middle School

- Holiday projects for needy - all schools
- Landscaping projects throughout the District
- Walk for Diabetes
- Partnership with YMCA

Financial Information

Internal Accounting and Budgetary Control

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 for payroll. These systems, coupled with the manual auditing of each voucher 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 measure is first adopted, the 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 the first three months 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 amount 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 level within a function and fund. All purchase order requests must be approved by either the Superintendent or Assistant Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests that 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.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an on line inquiry system is available at each cost center site. As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the various funds and account groups utilized by Chardon Local Schools 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 third year the School District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

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

Fund financial statements These statements present information for individual major funds rather than fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliations 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 the law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of the new reporting model, management is responsible for preparing a Discussion and Analysis of the School District. This discussion follows this letter of transmittal, providing an assessment of the School District's finances for 2004. Because that discussion focuses on major funds, other non-major funds are discussed briefly in this letter.

Financial Highlights – Internal Service Fund The only internal service fund carried on the financial records is related to self-insurance. This fund accounts for the revenues and expenses is related to the provision of dental and medical benefits to the School District employees. The School District has implemented a medical self-insurance program. The internal service fund had net assets of \$541,880 at June 30, 2004 compared with net assets of \$286,727 at June 30, 2003, reflecting a net increase of \$255,153.

Financial Highlights – Fiduciary Funds The trust fund carried on the financial records of the School District is a private purpose trust that has net assets totaling \$147,464 at June 30, 2004.

Cash Management

The Board has established a cash management program that expedites the collection of local and state funds through electronic fund transfer and daily deposits. Funds deposited in local financial institutions are insured by the Federal Deposit Insurance Corporation as well as collateralized by investments in instruments issued by the United States Government or the State of Ohio. The total amount of interest earned for the year ended June 30, 2004 was \$68,540 of which \$62,591 was credited directly to the general fund.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) 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 be equal to 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.

Risk Management

The School District manages the medical, dental and prescription drug benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. Unobligated reserves at June 30, 2004 are sufficient to meet claim obligations.

The School District uses the State Workers' Compensation plan and pays the premium base on a rate per \$100 of salaries. The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program. See Note 15 of the Basic Financial Statements.

The School District maintains general liability insurance, professional liability insurance, fleet insurance, and insurance on buildings and contents with Westfield Companies and Indiana Insurance Company. See Note 9 of the Basic Financial Statements for limits and deductibles.

Pension Plans

All School District employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) with the exception of Board of Education members who have chosen to participate in Social Security. 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 examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent auditor Charles E. Harris & Associates, Inc. was selected to render an opinion on the School District's financial statements for fiscal years 2001-2004. The opinion appears in 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 1981 fiscal year.

Awards

Student Awards

Chardon Local School District is proud of its students for their accomplishments. In past years, some of our outstanding achievements included:

- Park Elementary School - Hall of Fame Award
- Munson Elementary School – Hall of Fame Award
- Learn and Serve Partnership Grant
- School Match Award - Top 12% of schools nationwide for sixth year. “What Parents Want” Award
- Middle School National Blue Ribbon School
- Adda Porter – National Principal of the Year
- Jane Hayman – Exemplary Educational Leadership – BASA.
- Various awards and grants through Partnerships with Business and Industry to recognize both students and teachers.
- Recognized as “Excellent” school district by the State of Ohio

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chardon Local School District for its comprehensive annual financial report for the year ended June 30, 2003. This was the five consecutive years that the School District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The publication of this report continues the School District's commitment to professionalism in financial reporting. The accomplishment of this report would not have been made possible without the assistance, support and efforts of the School District's administration. Assistance from the Geauga County Auditor's Office staff, specifically Jeff Nokes, made possible the fair presentation of the statistical data.

Finally, sincere appreciation is extended to the Board of Education for their support with this project.

Respectfully submitted,

Stephanie C. Swain
Treasurer

Dr. M. Jane Hayman
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Chardon Local School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Nancy L. Zielke

President

Jeffrey R. Enser

Executive Director

Chardon Local School District

Principal Officials

June 30, 2004

Board of Education

Mr. Larry Reiter..... President
Mrs. Bonnie Clemson..... Vice-President
Mr. Robert Faehnle..... Member
Mr. Blake Rear..... Member
Mr. Ted Jones..... Member

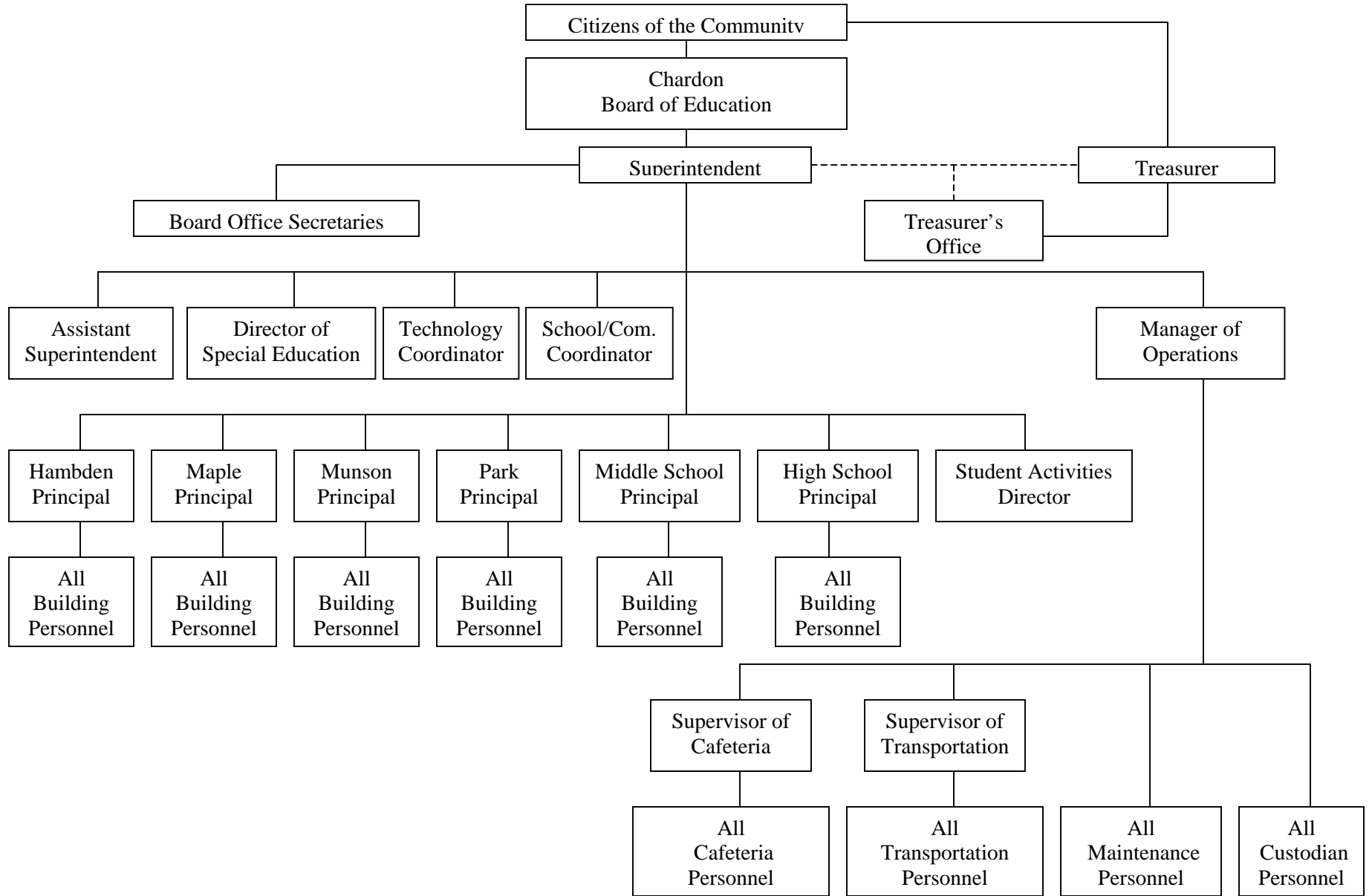
Treasurer

Ms. Stephanie Swain

Administration

Dr. M. Jane Hayman..... Superintendent
Dr. Randy Continenza..... Assistant Superintendent
Mr. Dana Stearns..... Manager of Operation

CHARDON LOCAL SCHOOL DISTRICT ORGANIZATIONAL CHART



Financial Section

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Education
Chardon Local School District
Chardon, Ohio**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Chardon Local School District (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

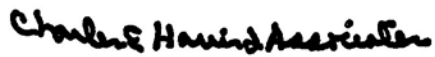
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Charles E. Harris & Associates, Inc.
December 28, 2004

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

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

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$5.6 million (net assets). Of this amount, \$2.9 million (unrestricted net assets) may be used to meet the District's ongoing obligations to residents and creditors.
- The District's total net assets increased by \$0.48 million. Approximately two third of this increase is attributable to charges for service and sales and operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3.7 million, an increase of \$0.5 million in comparison with the prior year. Approximately a quarter of this total amount, \$0.82 million, is available for spending at the District's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$0.5 million, or 2 percent of the total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis and analysis are intended to serve as an introduction to the District's basic financial statements. The District's financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide reader with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned by unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include instruction, support services, operation of non-instructional services, and extracurricular activities. The business-type activities of the District include food service, uniform school supplies, summer school, and adult education.

The government-wide financial statements can be found on pages 17-19 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains nineteen individual government funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the general fund, which are considered to be the major fund. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The 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 basic fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds The District maintains two different types of proprietary funds. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its food service, uniform school supplies, summer school, and adult education. The internal service fund is an accounting device used to accumulate and allocate costs internally amount the District's various functions. The District uses its internal service fund to account for its healthcare costs. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service, uniform school supplies, summer school, and adult education, all of which are considered to be non-major funds of the District.

The basic proprietary fund financial statements can be found on pages 26-30 of this report.

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

Fiduciary Funds Fiduciary fund 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 statement because the resources of these fund is not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-59 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on page 66-104 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$5.6 million at the close of the most recent fiscal year.

Approximately half of the District's net assets (53 percent) reflect its unrestricted net assets. The District uses these unrestricted net assets to meet ongoing obligations to the residents and creditors. The other forty-seven percent of the net assets are investment in capital assets (e.g., land, building, machinery and furniture, vehicles). The District uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of the District's net assets, \$13,995, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets, both for the governmental and business-type activities. The same situation held true for the prior fiscal year.

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

Chardon Local School District's Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and Other Assets	\$ 18.43	\$ 18.42	\$ 0.11	\$ 0.08	\$ 18.54	\$ 18.50
Capital Assets	2.62	2.83	0.02	0.02	2.64	2.85
<i>Total Assets</i>	<u>21.05</u>	<u>21.25</u>	<u>0.13</u>	<u>0.10</u>	<u>21.18</u>	<u>21.35</u>
Liabilities:						
Current Liabilities	13.28	14.04	0.01	0.01	13.29	14.05
Long-term Liabilities	2.25	2.16	0.04	0.03	2.29	2.19
<i>Total Liabilities</i>	<u>15.53</u>	<u>16.20</u>	<u>0.05</u>	<u>0.04</u>	<u>15.58</u>	<u>16.24</u>
Net Assets:						
Invested in Capital Assets	2.62	2.83	0.02	0.02	2.64	2.85
Restricted	0.01	0.11	-	-	0.01	0.11
Unrestricted	2.89	2.11	0.06	0.04	2.95	2.15
<i>Total Net Assets</i>	<u>\$ 5.52</u>	<u>\$ 5.05</u>	<u>\$ 0.08</u>	<u>\$ 0.06</u>	<u>\$ 5.60</u>	<u>\$ 5.11</u>

The District's net assets increased by \$0.5 million during the current fiscal year. All of this represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

Governmental Activities

Governmental activities increased the District's net assets by \$0.47 million, thereby accounting for nine-four percent of the total growth in net assets of the District. Key elements of this increase are as follows:

- Property taxes increased by \$475 thousand (3 percent) during the year. Most of this increased is the product of a general tax levy for general fund that totaled \$17 million.
- Operating grants for governmental activities increased by \$625 thousand, mostly as a result of an increase funding in state and federal programs during the current fiscal year.

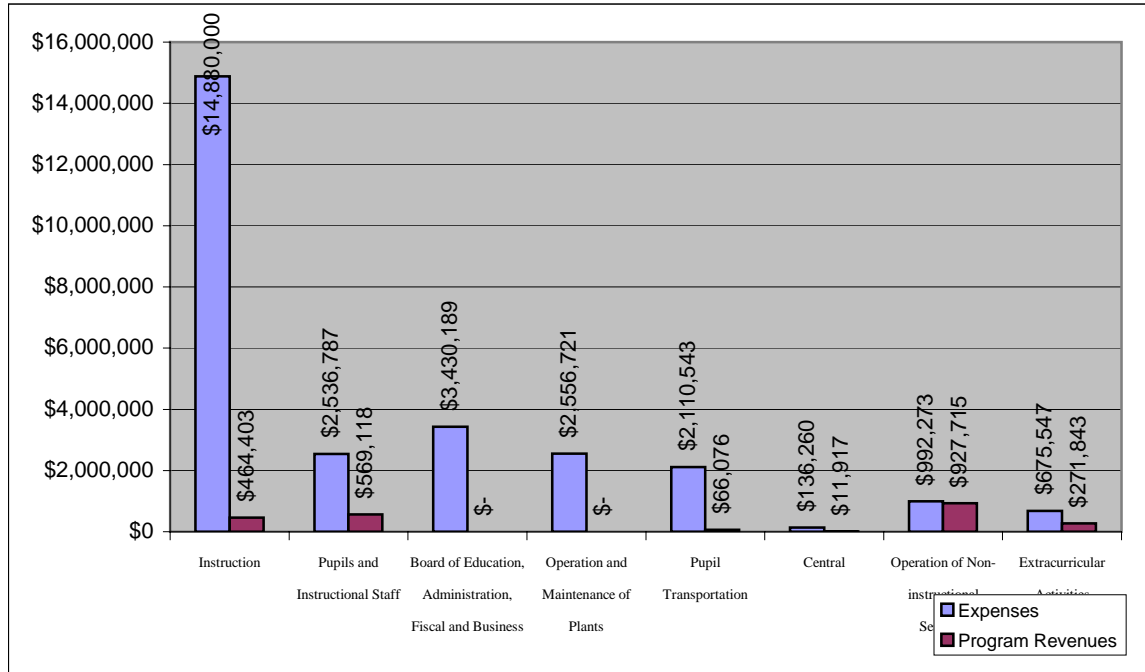
Chardon Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Chardon Local School District
Changes in Net Assets

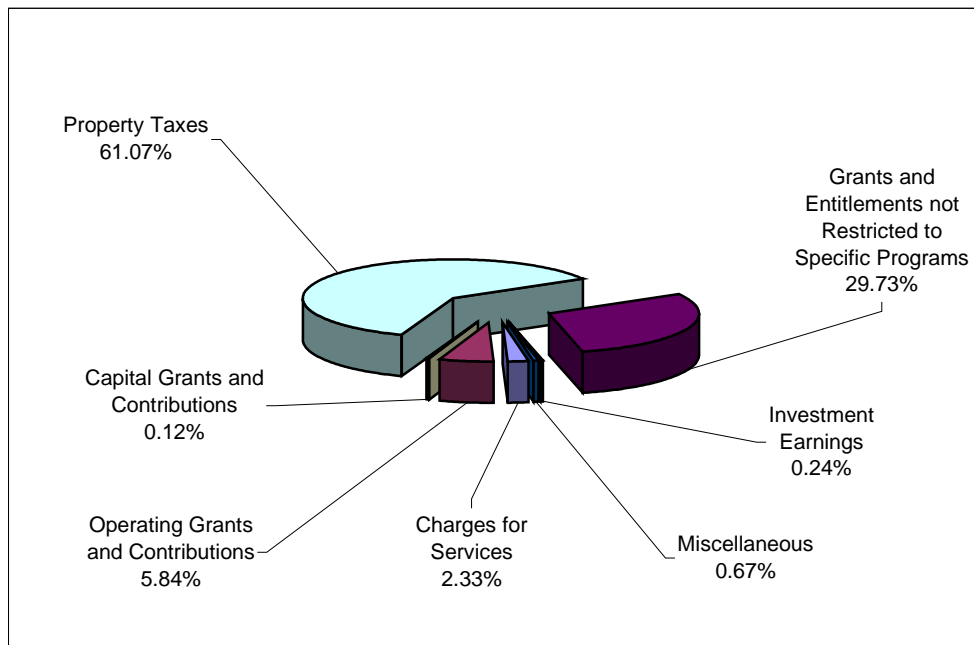
	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenue:						
Program Revenues:						
Charges for Services and Sales	\$ 648,190	\$ 483,216	\$ 711,889	\$ 670,961	\$ 1,360,079	\$ 1,154,177
Operating Grants and Contributions	1,628,332	1,133,508	173,265	171,603	1,801,597	1,305,111
Capital Grants and Contributions	34,550	69,022	-	-	34,550	69,022
General Revenues:						
Property Taxes	17,019,271	16,544,623	-	-	17,019,271	16,544,623
Grants and Entitlements	8,286,068	8,034,861	-	-	8,286,068	8,034,861
Investment Earnings	65,889	92,328	1,156	1,308	67,045	93,636
Miscellaneous	186,587	387,694	7,181	8,072	193,768	395,766
Total Revenues	27,868,887	26,745,252	893,491	851,944	28,762,378	27,597,196
Expenses:						
Instructions:						
Regular	11,592,434	11,276,214	-	-	11,592,434	11,276,214
Special	2,729,466	2,419,958	-	-	2,729,466	2,419,958
Vocational	270,495	259,367	-	-	270,495	259,367
Other	287,605	152,132	-	-	287,605	152,132
Support Services:						
Pupils	1,397,641	1,475,300	-	-	1,397,641	1,475,300
Instructional Staff	1,139,146	1,067,277	-	-	1,139,146	1,067,277
Board of Education	40,053	34,747	-	-	40,053	34,747
Administration	2,196,666	2,079,458	-	-	2,196,666	2,079,458
Fiscal	843,137	662,530	-	-	843,137	662,530
Business	350,333	345,242	-	-	350,333	345,242
Operation and Maintenance of Plant	2,556,721	2,425,376	-	-	2,556,721	2,425,376
Pupil Transportation	2,110,543	2,058,271	-	-	2,110,543	2,058,271
Central	136,260	179,906	-	-	136,260	179,906
Operation of Non-instructional Services	992,273	952,175	-	-	992,273	952,175
Extracurricular Activities	675,547	647,373	-	-	675,547	647,373
Food Services	-	-	884,397	852,782	884,397	852,782
Uniform School Supplies	-	-	40,136	32,209	40,136	32,209
Summer School	-	-	31,966	35,992	31,966	35,992
Adult Education	-	-	8,387	26,866	8,387	26,866
Total Expenses	27,318,320	26,035,326	964,886	947,849	28,283,206	26,983,175
Increase (Decrease) in Net Assets before Transfers	550,567	709,926	(71,395)	(95,905)	479,172	614,021
Transfers	(80,645)	(39,812)	81,259	40,000	614	188
Changes in Net Assets	469,922	670,114	9,864	(55,905)	479,786	614,209
Beginning Net Assets	5,054,959	4,384,845	66,675	122,580	5,121,634	4,507,425
Ending Net Assets	\$ 5,524,881	\$ 5,054,959	\$ 76,539	\$ 66,675	\$ 5,601,420	\$ 5,121,634

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

Expenses and Program Revenues – Governmental Activities



Revenues by Sources – Governmental Activities



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

For the most part, the increase in expenses closely paralleled inflation and growth in the demand for services. The expenses increased by \$1.28 million in comparison to prior year fiscal year. Approximately 60 percent of the increase in expenses occurred in instruction.

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 voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and 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 voters to maintain a constant level of service. Property taxes made up 61 percent of revenue for governmental activities for Chardon Local School District in fiscal year 2004, a slight increase from prior years.

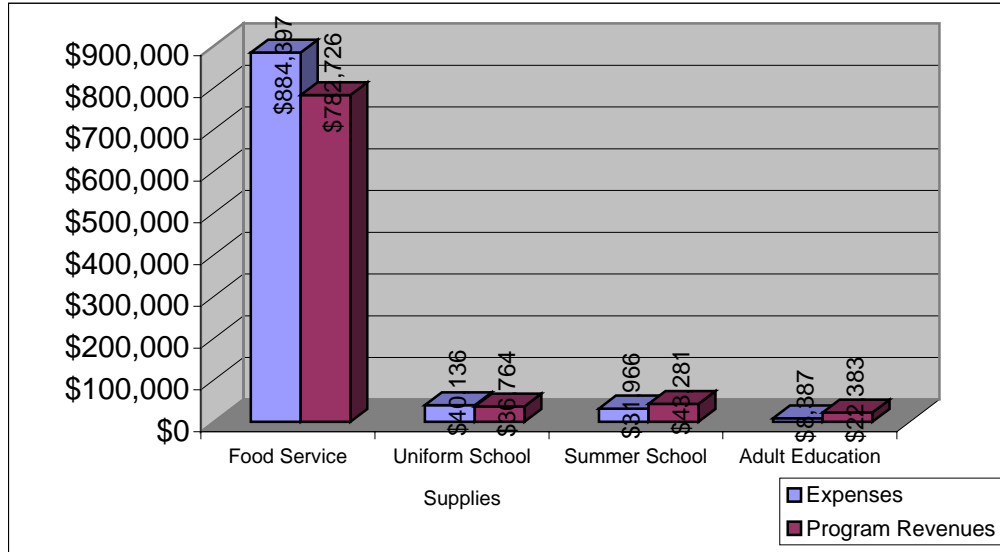
Business-Type Activities

Business-type activities increased the District's net assets by \$9,864, accounting for less than one percent of the total growth in the District's net assets. Key elements of this increase are as follows:

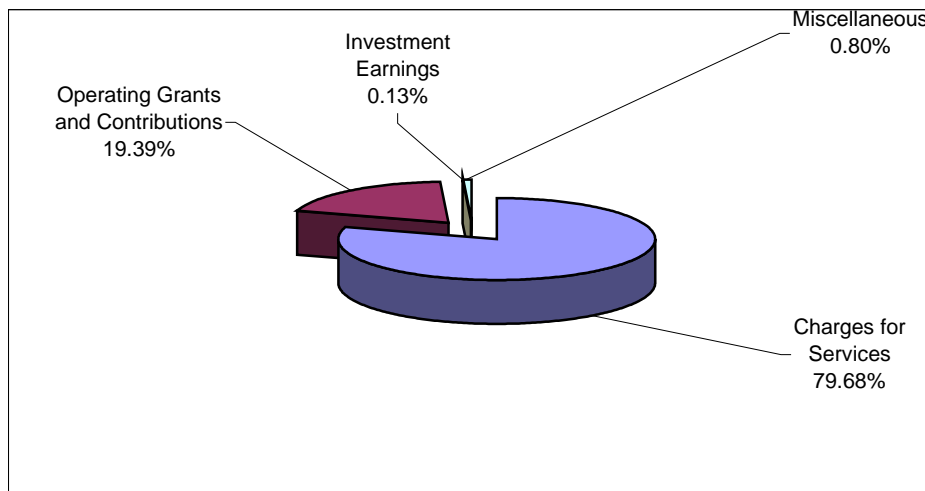
- Charges for services for business-type activities increased by \$40,928. Food Service and Summer School account for a significant portion of the increase, which result from the better sales in food and participation in summer school program. Food Service and Summer School account for the \$32,509 increase in charges for services. The remaining \$8,419 increase is attributable to modest growth in the uniform school supplies and adult education.
- Transfers increased by \$41,259, which all of it went to Food Service. The transfer was used to meet growing expenses in food service operation during the current fiscal year.

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

Expenses and Program Revenues- Business-type Activities



Revenues by Sources – Business-type Activities



Financial Analysis of the Governmental Funds

Governmental Funds. Information about the District's governmental funds starts on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27.9 million and expenditures of \$27.4 million. The total governmental fund balance increased \$0.5 million. The net change in governmental fund balance for the year was most significant in the general fund, where the general fund's fund balance increased by \$512,645 for fiscal year 2004.

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

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$0.5 million, while total fund balance reached \$3.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 2 percent of total general fund expenditures, while total fund balance represents 13 percent of that same amount.

Key factors in this increased of fund balance for the general fund is as follows:

- An increase of property taxes by \$328,584.
- Intergovernmental revenues increase significantly as well, by \$671,836, as a result of an increase in the state foundation.

Proprietary Fund. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Information about the District's proprietary funds starts on page 26.

Unrestricted net assets of the food services, uniform school supplies, summer school and adult education are as follows:

Proprietary Funds' Net Assets

	Food Services		Uniform School Supplies		Summer School		Adult Education	
	2004	2003	2004	2003	2004	2003	2004	2003
Revenues	\$791,063	\$774,821	\$36,764	\$30,818	\$43,281	\$26,395	\$22,383	\$19,910
Expenses	884,397	852,782	40,136	32,209	31,966	35,992	8,387	26,866
Net Income (Loss)	(93,334)	(77,961)	(3,372)	(1,391)	11,315	(9,597)	13,996	(6,956)
Transfer	81,259	40,000	0	0	0	0	0	0
Net Assets 7/1/03	10,867	48,828	7,806	9,197	35,650	45,247	12,352	19,308
Net Assets 6/30/04	(\$1,208)	\$10,867	\$4,434	\$7,806	\$46,965	35,650	\$26,348	\$12,352

Except for the negative net assets in Food Service, all other funds had positive net assets at the close of the current fiscal year. The growth of the expenses in food services and uniform school supplies exceeded the increase of the revenues in comparison of prior fiscal years. Summer school and adult education realized a healthy growth during the current fiscal year.

General Fund Budgeting Highlights

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

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

During the course of fiscal year 2004 the District amended its general fund budget numerous times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$25.4 million, over the original budget estimate of \$24.4 million. Of this \$1 million difference, personal property tax revenue was approximately \$0.4 million and intergovernmental revenue was approximately \$0.5 million over original estimates. These two revenue line items fluctuate year to year and are budgeted on a conservative basis to avoid revenue overestimations.

The different between the original budget appropriations and the final amended budget appropriations of the general fund were approximately \$775 thousand. Most of the increase occurred in instruction, which amount to \$760 thousand.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2004, amount to \$2.6 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, furniture and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was 7.7 percent. While governmental activities decreased by 7.7 percent, the business-type activities also decreased by 12.8 percent.

**Chardon Local School District's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land and Improvements	\$ 609,612	\$ 609,612	\$ -	\$ -	\$ 609,612	\$ 609,612
Buildings and Improvements	936,804	1,034,487	-	-	936,804	1,034,487
Furniture/Equipment/Fixtures	356,042	401,956	21,473	24,611	377,515	426,567
Vehicles	714,946	788,872	-	-	714,946	788,872
Total Capital Assets, Net	\$ 2,617,404	\$ 2,834,927	\$ 21,473	\$ 24,611	\$ 2,638,877	\$ 2,859,538

Major capital asset events during the current year included the following:

- While \$121,582 of equipment and furniture and \$66,125 of vehicles were added, \$405,230 of depreciation also added during the current fiscal year.
- Three buses were retired at the cost of \$70,292. All three buses were fully depreciated.

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

Additional information on the District's capital assets can be found in note 7 of the basic financial statements.

Debt. Currently, the District does not have any debt obligations or judgments levied against it.

Current Financial Related Activities

Chardon Local School District is strong financially. As the preceding information shows, the District heavily depends on its property taxpayers. With the passage of a 4.78 mill operating levy and collection beginning January 2003 the District has been able to continue its education programs. However, financially the future is not without challenges.

While the District was successful in increasing its tax revenue base in 2000, this increase is a one-time increase. State law fixes the amount of this increase, forcing it to remain nearly constant. Thus, management must diligently plan expenses, staying carefully within the District's five-year forecast.

Declining state foundation payments due to increased property valuations provide no significant increase in future revenues. This decline is due to the increasing valuation charge-offs in determining state foundation payments. The increases in property tax revenues are almost offset to decreases in state foundation payments. With its major sources of revenue not keeping pace with expenditure increases, the District must seek additional tax revenues to continue current operations. However, the District cannot look to the State of Ohio for increased revenue.

On December 11, 2003, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. Virtually, no additional state revenue will be available to Chardon Local School District. Thus, both taxes and state revenue are fixed or declining.

The scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

Chardon Local School District has committed itself to financial excellence for many years. The District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1999. The District is one of a few school districts in Geauga County to exercise early implementation of the new financial reporting model. This report represents the third report using this new financial reporting model.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Stephanie Swain, Treasurer at Chardon Local School District, 428 North Street, Chardon, Ohio 44024.

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Chardon Local School District
Statement of Net Assets
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,516,736	\$ 131,886	\$ 4,648,622
Cash and Cash Equivalents in Segregated Accounts	45,360	-	45,360
Receivables:			
Taxes	13,714,123	-	13,714,123
Accounts	2,886	734	3,620
Internal Balances	36,000	(36,000)	-
Inventory Held for Resale	-	6,068	6,068
Materials and Supplies Inventory	118,439	1,053	119,492
Nondepreciable Capital Assets	609,612	-	609,612
Depreciable Capital Assets, Net	2,007,792	21,473	2,029,265
<i>Total Assets</i>	21,050,948	125,214	21,176,162
Liabilities			
Accounts Payable	80,922	129	81,051
Accrued Wages and Benefits	1,656,009	3,150	1,659,159
Intergovernmental Payable	262,865	3,193	266,058
Unearned Revenue	11,276,383	-	11,276,383
Long-Term Liabilities:			
Due Within One Year	1,021,664	25,264	1,046,928
Due Within More Than One Year	1,228,224	16,939	1,245,163
<i>Total Liabilities</i>	15,526,067	48,675	15,574,742
Net Assets			
Invested in Capital Assets	2,617,404	21,473	2,638,877
Restricted for:			
Capital Projects	-	-	-
Other Purposes	13,995	-	13,995
Unrestricted (Deficit)	2,893,482	55,066	2,948,548
<i>Total Net Assets</i>	\$ 5,524,881	\$ 76,539	\$ 5,601,420

See accompanying notes to the basic financial statements

Chardon Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
Instruction:				
Regular	\$ 11,592,434	\$ 35,055	\$ 135,667	\$ -
Special	2,729,466	135,880	157,801	-
Vocational	270,495	-	-	-
Other	287,605	-	-	-
Support Services:				
Pupils	1,397,641	96,384	317,093	34,550
Instructional Staff	1,139,146	109,028	12,063	-
Board of Education	40,053	-	-	-
Administration	2,196,666	-	-	-
Fiscal	843,137	-	-	-
Business	350,333	-	-	-
Operation and Maintenance of Plant	2,556,721	-	-	-
Pupil Transportation	2,110,543	-	66,076	-
Central	136,260	-	11,917	-
Operation of Non-Instructional Services	992,273	-	927,715	-
Extracurricular Activities	675,547	271,843	-	-
<i>Total Governmental Activities</i>	<u>27,318,320</u>	<u>648,190</u>	<u>1,628,332</u>	<u>34,550</u>
Business-Type Activities				
Food Service	884,397	609,461	173,265	-
Uniform School Supplies	40,136	36,764	-	-
Summer School	31,966	43,281	-	-
Adult Education	8,387	22,383	-	-
<i>Total Business-Type Activities</i>	<u>964,886</u>	<u>711,889</u>	<u>173,265</u>	<u>-</u>
Totals	<u>\$ 28,283,206</u>	<u>\$ 1,360,079</u>	<u>\$ 1,801,597</u>	<u>\$ 34,550</u>

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

Total General Revenues and Transfers

Changes in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompany notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (11,421,712)	\$ -	\$ (11,421,712)
(2,435,785)	-	(2,435,785)
(270,495)	-	(270,495)
(287,605)	-	(287,605)
(949,614)	-	(949,614)
(1,018,055)	-	(1,018,055)
(40,053)	-	(40,053)
(2,196,666)	-	(2,196,666)
(843,137)	-	(843,137)
(350,333)	-	(350,333)
(2,556,721)	-	(2,556,721)
(2,044,467)	-	(2,044,467)
(124,343)	-	(124,343)
(64,558)	-	(64,558)
(403,704)	-	(403,704)
<u>(25,007,248)</u>	<u>-</u>	<u>(25,007,248)</u>
-	(101,671)	(101,671)
-	(3,372)	(3,372)
-	11,315	11,315
-	13,996	13,996
<u>-</u>	<u>(79,732)</u>	<u>(79,732)</u>
<u>\$ (25,007,248)</u>	<u>\$ (79,732)</u>	<u>\$ (25,086,980)</u>
\$ 17,019,271	\$ -	\$ 17,019,271
8,286,068	-	8,286,068
65,889	1,156	67,045
186,587	7,181	193,768
(80,645)	81,259	614
<u>25,477,170</u>	<u>89,596</u>	<u>25,566,766</u>
469,922	9,864	479,786
<u>5,054,959</u>	<u>66,675</u>	<u>5,121,634</u>
<u>\$ 5,524,881</u>	<u>\$ 76,539</u>	<u>\$ 5,601,420</u>

Chardon Local School District
Balance Sheet
Governmental Funds
June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,713,574	\$ 460,394	\$ 3,173,968
Receivables:			
Taxes	13,714,123	-	13,714,123
Accounts	1,679	1,207	2,886
Interfund Receivable	55,033	-	55,033
Materials and Supplies Inventory	118,439	-	118,439
Restricted Assets:			
Cash and Cash Equivalents	568,753	-	568,753
<i>Total Assets</i>	17,171,601	461,601	17,633,202
Liabilities			
Accounts Payable	53,320	27,602	80,922
Accrued Wages and Benefits	1,645,307	10,702	1,656,009
Compensated Absences Payable	19,792	-	19,792
Pension Obligation Payable	382,269	1,414	383,683
Interfund Payable	-	19,033	19,033
Intergovernmental Payable	261,601	1,264	262,865
Deferred Revenue	11,560,603	-	11,560,603
<i>Total Liabilities</i>	13,922,892	60,015	13,982,907
Fund Balances			
Reserved for:			
Encumbrances	170,864	83,741	254,605
Property Taxes	2,153,520	-	2,153,520
Budget Stabilization	422,342	-	422,342
Unreserved:			
Designated:			
Board Designated for Budget Stabilization Allocation	146,411	-	146,411
Undesignated, Reported in:			
General Fund	355,572	-	355,572
Special Revenue Funds	-	317,845	317,845
<i>Total Fund Balances</i>	3,248,709	401,586	3,650,295
<i>Total Liabilities and Fund Balances</i>	\$ 17,171,601	\$ 461,601	\$ 17,633,202

See accompany notes to the basic financial statements

Chardon Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances		\$ 3,650,295
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,617,404
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	284,220	
Total		284,220
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		541,880
Long-term liabilities, including bonds, payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(1,360,008)	
Pension Obligation	(208,910)	
Total		(1,568,918)
<i>Net Assets of Governmental Activities</i>		\$ 5,524,881

See accompany notes to the basic financial statements

Chardon Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 16,969,515	\$ -	\$ 16,969,515
Intergovernmental	8,286,068	1,692,118	9,978,186
Interest	62,591	3,298	65,889
Tuition and Fees	135,880	-	135,880
Extracurricular Activities	33,335	269,787	303,122
In Lieu of Taxes	6,809	-	6,809
Classroom Materials and Fees	140,883	4,310	145,193
Miscellaneous	162,155	76,350	238,505
<i>Total Revenues</i>	<i>25,797,236</i>	<i>2,045,863</i>	<i>27,843,099</i>
Expenditures			
Current:			
Instruction:			
Regular	11,441,358	92,607	11,533,965
Special	2,511,229	244,013	2,755,242
Vocational	270,350	-	270,350
Other Instruction	287,605	-	287,605
Support Services:			
Pupils	1,024,294	403,935	1,428,229
Instructional Staff	1,033,862	65,497	1,099,359
Board of Education	39,198	-	39,198
Administration	2,217,971	250	2,218,221
Fiscal	794,907	-	794,907
Business	354,069	-	354,069
Operation and Maintenance of Plant	2,435,334	1,304	2,436,638
Pupil Transportation	1,985,783	66,156	2,051,939
Central	119,629	15,399	135,028
Operation of Non-Instructional Services	66,640	927,451	994,091
Extracurricular Activities	384,145	229,664	613,809
Capital Outlay	239,001	-	239,001
<i>Total Expenditures</i>	<i>25,205,375</i>	<i>2,046,276</i>	<i>27,251,651</i>
<i>Excess of Revenue Over/(Under) Expenditures</i>	<i>591,861</i>	<i>(413)</i>	<i>591,448</i>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	5,268	-	5,268
Transfer In	11,745	15,584	27,329
Transfer Out	(96,229)	(11,745)	(107,974)
<i>Total Other Financing Sources (Uses)</i>	<i>(79,216)</i>	<i>3,839</i>	<i>(75,377)</i>
<i>Net Change in Fund Balances</i>	<i>512,645</i>	<i>3,426</i>	<i>516,071</i>
<i>Fund Balances Beginning of Year</i>	<i>2,736,064</i>	<i>398,160</i>	<i>3,134,224</i>
<i>Fund Balances End of Year</i>	<i>\$ 3,248,709</i>	<i>\$ 401,586</i>	<i>\$ 3,650,295</i>

See accompany notes to the basic financial statements

Chardon Local School District
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in the Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ 516,071

***Amounts reported for governmental activities in the
statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Fixed Assets Additions	187,707	
Current Year Depreciation	(405,230)	

Total (217,523)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	49,756	
Intergovernmental	(29,236)	

Total 20,520

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not required the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Pension Obligation Payable	(24,286)	
Compensated Absences Payable	(80,013)	

Total (104,299)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal services fund is allocated amount the governmental activities.

255,153

Change in Net Assets of Governmental Activities \$ 469,922

See accompany notes to the basic financial statements

Chardon Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		Positive/ (Negative)
<u>Revenue:</u>				
Taxes	\$ 15,616,700	\$ 16,077,244	\$ 16,210,370	\$ 133,126
Intergovernmental	7,949,334	8,481,934	8,286,067	(195,867)
Interest	89,088	96,834	62,591	(34,243)
Tuition	128,683	139,871	90,416	(49,455)
Extracurricular Activities	36,140	45,886	33,335	(12,551)
Transportation Fees	12,373	13,449	-	(13,449)
Lieu of Taxes	7,919	8,607	6,809	(1,798)
Classroom Materials and Fees	129,575	154,143	140,883	(13,260)
Miscellaneous	182,300	198,149	169,317	(28,832)
Total Revenues	24,152,112	25,216,117	24,999,788	(216,329)
<u>Expenditures:</u>				
Instruction:				
Regular	11,084,255	11,627,357	11,448,977	178,380
Special	2,277,864	2,535,381	2,532,952	2,429
Vocational	263,384	267,359	267,259	100
Other	354,500	309,500	287,625	21,875
Support Services:				
Pupils	1,165,068	1,046,464	996,774	49,690
Instructional Staff	985,867	1,127,395	1,027,313	100,082
Board of Education	51,259	47,644	40,777	6,867
Administration	2,495,307	2,475,204	2,316,457	158,747
Fiscal	785,499	847,166	826,131	21,035
Business	392,493	390,757	384,390	6,367
Operation and Maintenance of Plant	2,468,139	2,488,176	2,433,047	55,129
Pupil Transportation	2,147,450	2,028,592	2,010,999	17,593
Central	161,731	184,647	180,057	4,590
Operation of Non-Instructional Services	51,327	67,015	66,175	840
Extracurricular Activities	380,384	389,276	382,769	6,507
Capital Outlay	248,922	248,922	244,106	4,816
Total Expenditures	25,313,449	26,080,855	25,445,808	635,047
Excess of Revenues Over/ (Under) Expenditures	(1,161,337)	(864,738)	(446,020)	418,718
<u>Other Financing Sources/(Uses):</u>				
Proceeds from Sale of Capital Assets	2,475	2,690	5,267	2,577
Refund of Prior Year Expenditures	990	45,524	45,524	-
Contingencies	(11,000)	(11,000)	-	11,000
Advance In	164,257	95,569	95,569	-
Advance Out	(46,500)	(53,629)	(43,129)	10,500
Transfer In	100,794	11,745	11,745	-
Transfer Out	(96,229)	(96,229)	(96,229)	-
Total Other Financing Sources/(Uses)	114,787	(5,330)	18,747	24,077
Net Change in Fund Balance	(1,046,550)	(870,068)	(427,273)	442,795
Fund Balance/(Deficit) at the Beginning of Year	2,929,032	2,929,032	2,929,032	-
Prior year encumbrances appropriated	495,130	495,130	495,130	-
Fund Balance/(Deficit) at the End of Year	\$ 2,377,612	\$ 2,554,094	\$ 2,996,889	\$ 442,795

See accompanying notes to the basic financial statements

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Chardon Local School District
Statement of Fund Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities -		
	Food Service	Uniform School Supplies	Summer School
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 13,597	\$ 40,434	\$ 51,507
Cash and Cash Equivalents:			
In Segregated Accounts	-	-	-
Receivables:			
Accounts	389	-	345
Inventory Held For Resale	6,068	-	-
Materials and Supplies Inventory	1,053	-	-
<i>Total Current Assets</i>	21,107	40,434	51,852
Capital Assets, Net	21,473	-	-
<i>Total Assets</i>	42,580	40,434	51,852
Liabilities			
Accounts Payable	129	-	-
Accrued Wages	3,150	-	-
Interfund Payable	-	36,000	-
Intergovernmental Payable	3,192	-	1
Pension Obligation Payable	20,378	-	4,886
Claims Payable	-	-	-
<i>Total Current Liabilities</i>	26,849	36,000	4,887
Long-Term Liabilities:			
Compensated Absences Payable	16,939	-	-
<i>Total Liabilities</i>	43,788	36,000	4,887
Net Assets			
Invested in Capital Assets	21,473	-	-
Unrestricted	(22,681)	4,434	46,965
<i>Total Net Assets (Deficit)</i>	\$ (1,208)	\$ 4,434	\$ 46,965

See accompanying notes to the basic financial statements

<u>Enterprise Funds</u>			Governmental Activities - Internal Service Fund
<u>Adult Education</u>	<u>Total</u>		
\$ 26,348	\$ 131,886	\$	774,015
-	-		45,360
-	734		-
-	6,068		-
-	1,053		-
26,348	139,741		819,375
-	21,473		-
26,348	161,214		819,375
-	129		-
-	3,150		-
-	36,000		-
-	3,193		-
-	25,264		-
-	-		277,495
-	67,736		277,495
-	16,939		-
-	84,675		277,495
-	21,473		-
26,348	55,066		541,880
<u>\$ 26,348</u>	<u>\$ 76,539</u>	<u>\$</u>	<u>541,880</u>

Chardon Local School District
*Statement of Revenues,
Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004*

	Business-Type Activities -		
	Food Service	Uniform School Supplies	Summer School
Operating Revenues			
Tuition	\$ -	\$ -	\$ 43,281
Charges for Services	-	-	-
Food Services	609,461	-	-
Classroom Materials and Fees	-	36,764	-
<i>Total Operating Revenues</i>	609,461	36,764	43,281
Operating Expenses			
Salaries	337,507	-	26,675
Fringe Benefits	158,688	-	5,155
Purchased Services	1,914	-	111
Materials and Supplies	49,086	40,136	25
Cost of Sales	334,064	-	-
Depreciation	3,138	-	-
Claims	-	-	-
Other	-	-	-
<i>Total Operating Expenses</i>	884,397	40,136	31,966
<i>Operating Income (Loss)</i>	(274,936)	(3,372)	11,315
Non-Operating Revenues (Expenses)			
Federal Donated Commodities	50,276	-	-
Intergovernmental	122,989	-	-
Interest	1,156	-	-
Other Non-operating Revenues	7,181	-	-
<i>Total Non-Operating Revenues before Transfers</i>	181,602	-	-
Transfers In	81,259	-	-
<i>Change in Net Assets</i>	(12,075)	(3,372)	11,315
<i>Net Assets (Deficit) Beginning of Year</i>	10,867	7,806	35,650
<i>Net Assets (Deficit) End of Year</i>	<u>\$ (1,208)</u>	<u>\$ 4,434</u>	<u>\$ 46,965</u>

See accompanying notes to the basic financial statements

<u>Enterprise Fund</u>			Governmental Activities - Internal Service Fund
Adult Education	Total		
\$ 22,383	\$ 65,664	\$ -	-
-	-	3,037,926	-
-	609,461	-	-
-	36,764	-	-
22,383	711,889	3,037,926	-
-	364,182	-	-
-	163,843	-	-
7,635	9,660	421,958	-
425	89,672	-	-
-	334,064	-	-
-	3,138	-	-
-	-	2,360,815	-
327	327	-	-
8,387	964,886	2,782,773	-
13,996	(252,997)	255,153	-
-	50,276	-	-
-	122,989	-	-
-	1,156	-	-
-	7,181	-	-
-	181,602	-	-
-	81,259	-	-
13,996	9,864	255,153	-
12,352	66,675	286,727	-
\$ 26,348	\$ 76,539	\$ 541,880	-

Chardon Local School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Food Service	Uniform School Supplies	Summer School	Adult Education	Total	
Increase (Decrease in Cash and Cash Equivalents)						
Cash Flows from Operating Activities						
Cash Received from Customers	\$ 609,451	\$ 36,764	\$ 43,246	\$ 22,383	\$ 711,844	\$ 3,038,874
Other Cash Receipts	7,169	-	-	-	7,169	-
Cash Payments to Employees for Services	(338,274)	-	(26,675)	-	(364,949)	-
Cash Payments for Employees Benefit	(140,280)	-	(4,226)	-	(144,506)	-
Cash Payments for Goods and Services	(337,820)	(40,136)	(136)	(8,060)	(386,152)	(421,958)
Cash Payments for Claims	-	-	-	-	-	(2,312,195)
Other Cash Payments	-	-	-	(327)	(327)	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(199,754)</u>	<u>(3,372)</u>	<u>12,209</u>	<u>13,996</u>	<u>(176,921)</u>	<u>304,721</u>
Cash Flows from Noncapital Financing Activities						
Grants Received	124,169	-	-	-	124,169	-
Advance In	-	36,000	-	-	36,000	-
Transfer In	81,259	-	-	-	81,259	-
<i>Net Cash Provided by (Use by) Noncapital Financing Activities</i>	<u>205,428</u>	<u>36,000</u>	<u>-</u>	<u>-</u>	<u>241,428</u>	<u>-</u>
Cash Flows from Investing Activities						
Interest on Investment	1,156	-	-	-	1,156	-
<i>Net Cash Provided by (Used by) Investing Activities</i>	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156</u>	<u>-</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	6,830	32,628	12,209	13,996	65,663	304,721
<i>Cash and Cash Equivalents Beginning of Year</i>	6,767	7,806	39,298	12,352	66,223	514,654
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 13,597</u>	<u>\$ 40,434</u>	<u>\$ 51,507</u>	<u>\$ 26,348</u>	<u>\$ 131,886</u>	<u>\$ 819,375</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities						
<i>Operating Income (Loss)</i>	\$ (274,936)	\$ (3,372)	\$ 11,315	\$ 13,996	\$ (252,997)	\$ 255,153
Adjustments:						
Depreciation	3,138	-	-	-	3,138	-
Other Non-Operating Revenues	7,169	-	-	-	7,169	-
Donated Commodities	50,276	-	-	-	50,276	-
(Increase) Decrease in Assets:						
Accounts Receivable	(10)	-	(35)	-	(45)	948
Inventory Held for Resale	1,564	-	-	-	1,564	-
Materials and Supplies Inventory	1,115	-	-	-	1,115	-
Increase (Decrease) in Liabilities:						
Accounts Payable	129	-	-	-	129	-
Accrued Wages	1,451	-	-	-	1,451	-
Compensated Absences Payable	(2,239)	-	-	-	(2,239)	-
Pension Obligation Payable	16,249	-	1,005	-	17,254	-
Intergovernmental Payable	2,180	-	(76)	-	2,104	-
Deferred Revenue	(5,840)	-	-	-	(5,840)	-
Claims Payable	-	-	-	-	-	48,620
<i>Total Adjustments</i>	<u>75,182</u>	<u>-</u>	<u>894</u>	<u>-</u>	<u>76,076</u>	<u>49,568</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ (199,754)</u>	<u>\$ (3,372)</u>	<u>\$ 12,209</u>	<u>\$ 13,996</u>	<u>\$ (176,921)</u>	<u>\$ 304,721</u>

See accompanying notes to the basic financial statements

Chardon Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Private-Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 147,464	\$ 71,637
<i>Total Assets</i>	147,464	71,637
Liabilities		
Accounts Payable	-	250
Due to Students	-	71,387
<i>Total Liabilities</i>	-	\$ 71,637
Net Assets		
Held in Trust for Scholarships	147,464	
<i>Total Net Assets</i>	\$ 147,464	

See accompanying notes to the basic financial statements

Chardon Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2004

	Private Purpose Trust
	Scholarship
Addition	
Interest	\$ 1,495
Other Operating Revenues	500
	1,995
Deduction	
	1,550
<i>Change in Net Assets</i>	445
<i>Net Assets Beginning of Year</i>	147,019
<i>Net Assets End of Year</i>	\$ 147,464

See accompanying notes to the basic financial statements

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

Note 1 – Description of the School District and Reporting Entity

Chardon Local 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 State and/or federal agencies. The Board of Education controls the School District's seven instructional/support facilities staffed by 157 classified employees and 218 certificated full and part-time teaching personnel who provide services to 3,209 students and other community members.

Reporting Entity

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

Nonpublic Schools Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to this non-public school. These monies are received and disbursed by the School District on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. This activity is reflected in a special revenue fund for financial reporting purposes.

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

The School District participates in five jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Auburn Career Center, the East Shore Center, the East Shore Regional Transportation System and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or after November 30, 1989, to its governmental and business-type activities, and to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

General Fund The general fund is the operating fund of the School District and is used to account 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.

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

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

Enterprise Funds Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. The School District's non-major enterprise funds are:

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

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

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

Summer School Fund This fund accounts for tuition received for the purpose of summer school education.

Adult Education Fund This fund accounts for tuition received for the purpose of adult/community education program.

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, or to other governments, on a cost reimbursement basis. The only internal service fund of the School District accounts for a self-insurance program which provides medical, dental and vision benefits to employees.

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

B. Basis Of Presentation

Government-wide Financial Statements The statement of net assets and 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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are considered business type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relation between the governmental-wide statements and the statements to governmental funds.

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

The governmental-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exception. 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 Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

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

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

C. 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.

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

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 year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

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

D. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund and function.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Geauga County Budget Commission for rate determination.

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further 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 amount reported as the final budgeted amount in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2004.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources.

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from the prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

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

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Cash Equivalents

To improve cash management, 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 combined balance sheet.

The School District uses Aetna U.S. Healthcare to serve as a claim administrator for its self-insurance program. The balance of this account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" and represents deposits.

During fiscal year 2004, investments were limited to STAR Ohio, the State Treasurer's Investment Pool. 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, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$62,591.

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

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

F. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 16 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

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

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 government activities column of the governmental-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 dates received. The School District maintains a capitalization threshold of one thousand and 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 capitalized. Interest incurred during the construction of capital assets is also capitalized.

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:

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Building and Improvements	40 years	N/A
Furniture	10 years	10 years
Equipment	5 years	5 years
Vehicles	10 years	N/A

J. Interfund Balances

On the fund financial statements, receivables and payables resulting 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

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all classified and non-classified employees age fifty-five (55) or greater; or aged fifty (50) with at least ten (20) years of service; or in any age with at least twenty-five (25) years of service were considered expected to become eligible to retire in accordance with GASB 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

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 are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions 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. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

M. Interfund Activity

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

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 non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the financial statements.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

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

O. Net Assets

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

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

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.

Q. 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 2004.

R. Estimates

The preparation of the 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.

S. 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 summer school and 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.

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

Note 3 – Budgetary Basis of Accounting

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

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

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

<u>Net Change in Fund Balance</u>	
Budget Basis	(\$427,273)
Net Adjustment for Revenue Accruals	656,356
Net Adjustment for Expenditure Accruals	778,583
Adjustment for Encumbrances	<u>(495,021)</u>
GAAP Basis	<u><u>\$512,645</u></u>

Note 4 – 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.

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

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

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

1. United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of 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, 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 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 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 and eighty days 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 rating classifications by at least two nationally recognized rating agencies.

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

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

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.

Cash on Hand At year end, the School District had \$200 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 At fiscal year end, the carrying amount of the School District's deposits was \$345,776 and the bank balance was \$571,751. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$471,751 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invested in STAROhio during fiscal year 2004, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	<u>Fair Value</u>
STAROhio	<u>\$4,521,747</u>

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

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

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$4,867,723	\$0
Cash on Hand	(200)	0
Investments which are part of the Cash Management Pool: STAROhio	(4,521,747)	4,521,747
 GASB Statement 3	\$345,776	\$4,521,747

Note 5 – 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 2004 for real and public utility property taxes represents collections of calendar 2003 taxes. Property tax payments received during calendar 2004 for tangible personal property (other than public utility property) is for calendar 2004 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five 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 thirty-five percent of true value. 2004 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after April 1, 2004 on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are twenty-five percent of true value.

	2003 Second Half Collections		2004 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$498,998,630	89.21%	\$518,061,990	90.69%
Public Utility	19,450,910	3.78	18,756,460	3.28
Tangible Personal Property	36,624,010	7.01	34,401,850	6.03
Total Assessed Value	\$555,073,550	100.00%	\$571,220,300	100.00%
 Tax rate per \$1,000 of assessed valuation	\$64.88		\$64.88	

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Chardon Local School District. The County Auditor periodically remits to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2004 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2004, was \$2,153,520. The entire amount was available to the general fund.

Note 6 – Receivables

Receivables at June 30, 2004, consisted of property taxes, and accounts (rent, billings for user charged services, and tuition and fees). All receivables are considered collectible in full.

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

Note 7 – Capital Assets

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

	Balance 7/1/2003	Addition	Deletion	Balance 6/30/2004
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 609,612	\$ -	\$ -	\$ 609,612
<i>Total Capital Assets, not being depreciated:</i>	<u>609,612</u>	<u>-</u>	<u>-</u>	<u>609,612</u>
<i>Capital Asset, being depreciated:</i>				
Buildings and Improvements	6,543,379	-	-	6,543,379
Improvements	118,810	-	-	118,810
Furniture and Equipment	1,918,034	121,582	-	2,039,616
Vehicles	2,047,928	66,125	(70,292)	2,043,761
<i>Total Capital Assets, being depreciated:</i>	<u>10,628,151</u>	<u>187,707</u>	<u>(70,292)</u>	<u>10,745,566</u>
Less Accumulated Depreciation:				
Building and Improvements	(5,586,588)	(93,817)	-	(5,680,405)
Improvements	(41,114)	(3,866)	-	(44,980)
Furniture and Equipment	(1,516,078)	(167,496)	-	(1,683,574)
Vehicles	(1,259,056)	(140,051)	70,292	(1,328,815)
<i>Total Accumulated Depreciation</i>	<u>(8,402,836)</u>	<u>(405,230)</u>	<u>70,292</u>	<u>(8,737,774)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>2,225,315</u>	<u>(217,523)</u>	<u>-</u>	<u>2,007,792</u>
Governmental Activities Capital Assets, Net	<u>\$2,834,927</u>	<u>\$ (217,523)</u>	<u>\$ -</u>	<u>\$2,617,404</u>
Business-Type Activities				
Furniture and Equipment	\$ 171,425	\$ -	\$ -	\$ 171,425
Less Accumulated Depreciation	<u>(146,814)</u>	<u>(3,138)</u>	<u>-</u>	<u>(149,952)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 24,611</u>	<u>\$ (3,138)</u>	<u>\$ -</u>	<u>\$ 21,473</u>

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

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	98,766
Special		7,486
Vocational		319
Support Services:		
Pupil		9,531
Instructional Staff		87,812
Administration		6,347
Fiscal		3,413
Operation and Maintenance of Plant		18,357
Pupil Transportation		142,200
Central		488
Operation of Non-instructional Services		23,841
Extracurricular Activities		6,670
Total Depreciation Expense	\$	405,230

Note 8 – Interfund Transactions

A. Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2004, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Governmental Activities:		
Major Fund:		
General	\$55,033	\$0
Non-major Funds:		
Title VI	0	13,967
Drug Free Schools Grant	0	2,831
Miscellaneous Federal Grant	0	2,235
Business-type Activities:		
Non-major Fund:		
Uniform School Supplies	0	36,000

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

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

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2004, consisted of the following, as reported on the fund financial statements:

	Transfer In	Transfer Out
Major Governmental Fund:		
General	\$11,745	\$96,229
Nonmajor Governmental Funds:		
Public School Support	614	0
Athletic and Music	14,970	0
Title VI	0	11,745
Non-major Enterprise Fund:		
Food Service	81,259	0
Fiduciary Fund:		
Student Activities	0	614

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out grants in any funds, including special revenue funds, that are no longer required.

Note 9 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of or damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2004, the School District contracted with Indiana Insurance Company, Westfield Companies, and Zurich Specialties London Limited. Coverages are as follows:

Type of Coverage	Deductible	Coverage
Boiler & Machinery:		
Property Damage	\$2,500	\$40,333,729
Spoilage Damage	2,500	100,000
Utility Interruption	24 hours	100,000
Brands & Labels	0	100,000
“Data” or “Media”	0	25,000
Expediting Expense	0	25,000
Ordinance or Law, Demolition, Increase Cost of Construction	0	100,000
Ammonia Contamination	0	25,000
Hazardous Substance	0	25,000
Water Damage	0	25,000

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

Crime:		
Employee Theft – Per Loss Coverage	\$1,000	\$100,000
Commercial Computer:	0	400,000
Miscellaneous Property:		
Mower Etc for Maintenance	250	15,400
Radios	250	42,660
Commercial General Liability:		
Each Occurrence	0	1,000,000
Damage to Premises Rented	0	300,000
Medical Expense Limit	0	15,000
Personal & Advertising Injury Limit	0	1,000,000
General Aggregate	0	2,000,000
Products/Completed Operations Aggregate Limit	0	2,000,000
Employee Benefits Coverage:		
Each Employee	1,000	1,000,000
Aggregate	1,000	3,000,000
Employers Stop Gap Liability:		
Bodily Injury by Accident (Each Accident)	0	1,000,000
Bodily Injury by Disease (Policy Limit)	0	1,000,000
Bodily Injury by Disease (Each Employee Limit)	0	1,000,000
Aggregate Limit	0	2,000,000
School Leaders Errors and Omissions Liability:		
Each Wrongful Act	2,500	1,000,000
Aggregate Limit	2,500	1,000,000
Aggregate Defense Expense Amount		
– Non-Monetary Relief	2,500	100,000
Sexual Misconduct and Molestation Liability:		
Each Loss Limit	0	1,000,000
Aggregate Limit	0	1,000,000
Innocent Party Aggregate	0	300,000
Umbrella Liability:		
Each Occurrence	0	2,000,000
Aggregate		
- General Aggregate	0	2,000,000
- Product/Completed Operations Aggregate	0	2,000,000
Self Insured Retention	0	10,000
Automobile Coverage:		
Liability	0	2,000,000
Auto Medical Payments	0	5,000
Uninsured/Underinsured Motorist	0	500,000
Comprehensive	500	0
Collision	1,000	0

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the past three years.

All employees handling monies of the District are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate limit bond coverage.

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

B. Workers' Compensation

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm Gates McDonald & Company provides administrative cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District has elected to provide medical, prescription and dental benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The monthly premiums for insurance coverage is as follows:

	Family Plan	Single Plan
Medical	\$748.00	\$374.00
Dental	60.00	60.00
Life Insurance	5.25	5.25

A third party administrator, Aetna U.S. Healthcare, reviews all claims which are then paid by the School District. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information based upon the number of family and single plans.

The claims liability of \$277,495 reported in the internal service fund at June 30, 2004 was estimated by the third party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2003 and 2004 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2003	\$284,691	\$1,979,238	\$2,035,054	\$228,875
2004	\$228,875	2,360,815	2,312,195	\$277,495

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

Note 10 – 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-three days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Full time Certified and Non-Certified employees are entitled to fifteen days sick leave with pay for each year under contract and accrue sick leave at a rate of one and one-fourth days for each month under contract. Upon retirement, certified employees receive payment for one-third of the total sick leave accumulation, up to a maximum accumulation of 210 days. Classified employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 120 days.

Note 11 – Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees System of Ohio (SERS), a cost-sharing multiple employer defined pension system. 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 State statute per 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 Board Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$588,962, \$524,088, and \$517,128, respectively; 44.62 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. \$326,181 representing the unpaid contribution for fiscal year 2004 is recorded as a liability.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

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

New members have a choice of three retirement plans, a Defined Benefits (DB) plan, a Defined Contribution (SC) 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 allowance based on member contributions and earned interest matched by STRS Ohio funds time an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined plan offers features of both the DB plan and DC 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 Combine plan members will transfer to the DB plan during their fifth year of membership unless they permanently select the DC or Combined plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balance from the existing DB plan into the DC plan or the Combined plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

For the fiscal year ended June 30, 2004, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$1,692,697, \$1,568,964, and \$1,419,816, respectively; 82.77 percent has been contributed for fiscal year 2004 and 100 percent for the fiscal years 2003 and 2002. \$291,676 representing the unpaid contribution for fiscal year 2004 is recorded as a liability.

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll.

For the fiscal year ended June 30, 2003 (the latest information available), the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$544,081 for fiscal year 2004.

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

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2003 (the latest information available), the balance in the Fund was \$2.8 billion. For the year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000 and STRS had 108,294 eligible benefit recipients.

For this fiscal year, SERS employer contributions to fund health care benefits were 5.83 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$14,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003 SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$372,520 during the 2004 fiscal year.

Note 13 - Long Term Obligations

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Principal Outstanding 7/1/2003	Additions	Deductions	Principal Outstanding 6/30/2004	Amount Due in One Year
Governmental Activities					
Compensated Absences	\$ 1,375,575	\$ 246,369	\$ (242,144)	\$ 1,379,800	\$ 151,576
Pension Obligation	552,030	592,593	(552,030)	592,593	592,593
Claims	228,875	277,495	(228,875)	277,495	277,495
Total Governmental Activities Long-term Liabilities	<u>\$ 2,156,480</u>	<u>\$1,116,457</u>	<u>\$(1,023,049)</u>	<u>\$ 2,249,888</u>	<u>\$ 1,021,664</u>
Business-Type Activities					
Compensated Absences	\$ 19,178	\$ 1,544	\$ (3,783)	\$ 16,939	\$ -
Pension Obligation	8,010	25,264	(8,010)	25,264	25,264
Total Business-type Activities Long-term Liabilities	<u>\$ 27,188</u>	<u>\$ 26,808</u>	<u>\$ (11,793)</u>	<u>\$ 42,203</u>	<u>\$ 25,264</u>

In fiscal year 2004, the compensated absences liability in the governmental funds was paid out from the general fund.

At June 30, 2004 the School District's overall debt margin was \$51,409,827 with an unvoted debt margin of \$571,220.

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

Note 14 – Jointly Governed Organizations

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. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2004, the School District paid \$80,960 to LGCA. Financial information can be obtained from Loretta Peterson, the Treasurer of the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

Ohio Schools' Council The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-two school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the School District paid \$3,345 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. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates 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 Corporation.

Auburn Career Center The Auburn Career Center is joint vocational school district that is a jointly governed organization among eleven school districts. Each participating school district appoints one member of the Auburn Career Center's Board of Education. The students of each participating school district may attend classes. Each participant's control over the operation of the center is limited to its representation on the board. Continued existence of the Auburn Career Center is not dependent on the District's continued participation. Financial information can be obtained by writing the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077

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

East Shore Center The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation of the governing board. East Shore Center is not accumulating significant financial resources or experiencing fiscal distress. Financial information can be obtained by writing the fiscal agent, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060.

East Shore Regional Transportation System The East Shore Regional Transportation System (the "ESRTA") is a jointly governed organization was formed for the purpose of providing a transportation system for the handicapped children in the 16 member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA's continued existence is not dependent on the School District's continued participation. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from the Kirtland Board of Education, 9252 Chillicothe Road, Kirtland, Ohio 44094.

Note 15 – Insurance Purchasing Pool

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

Note 16 – Set-Aside Requirements

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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 fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

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

	Textbooks	Capital Improvement	Budget Reserve	Total
Set-aside balance as of June 30, 2003	\$ (233,901)	\$ 0	\$ 422,342	\$ 188,441
Current year set-aside requirement	\$ 448,394	\$ 448,394	\$ 0	\$ 896,788
Qualifying expenditures	\$ <u>(484,560)</u>	\$ <u>(1,212,031)</u>	\$ <u>0</u>	\$ <u>(1,696,591)</u>
Totals	\$ <u>(270,076)</u>	\$ <u>(763,637)</u>	\$ <u>422,342</u>	\$ <u>(611,362)</u>
Cash balance carried forward to FY 2005	\$ <u>(270,067)</u>	\$ <u>0</u>	\$ <u>422,342</u>	\$ <u>152,275</u>
Amount restricted for budget stabilization				\$ <u>422,342</u>
Board designated budget stabilization allocation				\$ <u>146,411</u>
Total restricted assets				\$ <u>568,753</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirements in future fiscal years.

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set asides at the end of the fiscal year was \$568,753.

Note 17 – Contingencies

A. Grants

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

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

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 18 – Subsequent Event

On December 11, 2003, The Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...” The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 19 – Accountability and Compliances

Fund Deficits

The following funds had a deficit fund balance or deficit net assets as of June 30, 2004.

Fund	Deficit Fund Balance	Deficit Net Assets
Non-major Special Revenue Funds:		
Title I	\$1,962	
Title VI	13,567	
Drug Free Schools Grants	2,831	
Miscellaneous Federal Grants	2,235	
Non-major Enterprise Fund:		
Food Service		\$1,208

The deficits in the fund above are largely the result of the recognition of liabilities in accordance with the general accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is need rather than when accruals occur.

Chardon Local School District

Combining Statements and Individual Fund Schedules

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Chardon Local School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

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

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

Other Grants Fund This fund accounts for monies received to promote community involvement and to support activities between the school and community.

Athletic and Music 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.

Data Communication Fund This fund accounts for State monies received to provide Ohio Educational Computer Network Connections.

SchoolNet Professional Development Fund This fund accounts for State monies to assist staff in gaining knowledge of technology.

Ohio Reads Grant Fund This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Reading Intervention Fund This fund accounts for State monies provided to improve reading outcomes for the students in first to fourth grade.

Miscellaneous State Grants Fund This fund accounts for miscellaneous grants from the state government. The only miscellaneous state grant for the current fiscal year was conflict management fund.

Chardon Local School District

Nonmajor Special Revenue Funds

(continued)

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

Title I Fund This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

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 Grant Fund This fund accounts for Federal monies which support the implementation of programs for drug abuse education and prevention.

Class Size Reduction Fund This fund accounts for Federal monies used to reduce class sizes in elementary schools.

Miscellaneous Federal Grants Fund This fund accounts for small miscellaneous grants from the federal governments.

Special Trust Fund This fund accounts for monies used for purposes that are beneficial to the overall operation of the School District.

Nonmajor Capital Projects Funds

Capital Projects Funds

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

SchoolNet Plus Fund This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

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Chardon Local School District

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 460,394	\$ -	\$ 460,394
Receivables:			
Accounts	1,207	-	1,207
<i>Total Assets</i>	<u>461,601</u>	<u>-</u>	<u>461,601</u>
Liabilities:			
Accounts Payable	27,602	-	27,602
Accrued Wages	10,702	-	10,702
Pension Obligation Payable	1,414	-	1,414
Interfund Payable	19,033	-	19,033
Intergovernmental Payable	1,264	-	1,264
<i>Total Liabilities</i>	<u>60,015</u>	<u>-</u>	<u>60,015</u>
Fund Balance:			
Reserved for Encumbrances	83,741	-	83,741
Unreserved:			
Undesignated	317,845	-	317,845
<i>Total Fund Balances</i>	<u>401,586</u>	<u>-</u>	<u>401,586</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 461,601</u>	<u>\$ -</u>	<u>\$ 461,601</u>

Chardon Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 1,692,118	\$ -	\$ 1,692,118
Interest	3,298	-	3,298
Extracurricular Activities	269,787	-	269,787
Classroom Materials and Fees	4,310	-	4,310
Miscellaneous	76,350	-	76,350
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	2,045,863	-	2,045,863
Expenditures:			
Current:			
Instruction:			
Regular	92,607	-	92,607
Special	244,013	-	244,013
Support Services:			
Pupils	403,935	-	403,935
Instructional Staff	31,475	34,022	65,497
Administration	250	-	250
Operation and Maintenance of Plant	1,304	-	1,304
Pupil Transportation	66,156	-	66,156
Central	15,399	-	15,399
Operation of Non-Instructional Services	927,451	-	927,451
Extracurricular Activities	229,664	-	229,664
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	2,012,254	34,022	2,046,276
Excess of Revenues Over (Under) Expenditures	33,609	(34,022)	(413)
Other Financing Sources (Uses):			
Transfers In	15,584	-	15,584
Transfers Out	(11,745)	-	(11,745)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	3,839	-	3,839
Net Change in Fund Balances	37,448	(34,022)	3,426
Fund Balance (Deficit) at Beginning of Year	364,138	34,022	398,160
	<u> </u>	<u> </u>	<u> </u>
Fund Balance (Deficit) at End of Year	\$ 401,586	\$ -	\$ 401,586
	<u> </u>	<u> </u>	<u> </u>

Chardon Local School District

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2004

	Public School Support	Other Grants	Athletic and Music	Auxiliary Services
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 55,821	\$ 6,068	\$ 130,477	\$ 188,019
Receivables:				
Accounts	828	-	379	-
<i>Total Assets</i>	<u>56,649</u>	<u>6,068</u>	<u>130,856</u>	<u>188,019</u>
Liabilities:				
Accounts Payable	-	-	385	26,817
Accrued Wages	-	-	-	401
Pension Obligation Payable	-	-	-	56
Interfund Payable	-	-	-	-
Intergovernmental Payable	-	-	30	1,153
<i>Total Liabilities</i>	-	-	415	28,427
Fund Balance:				
Reserved for Encumbrances	3,636	-	14,632	42,697
Unreserved:				
Undesignated	53,013	6,068	115,809	116,895
<i>Total Fund Balances (Deficit)</i>	<u>56,649</u>	<u>6,068</u>	<u>130,441</u>	<u>159,592</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 56,649</u>	<u>\$ 6,068</u>	<u>\$ 130,856</u>	<u>\$ 188,019</u>

Educational Management Information System	Data Communication	SchoolNet Professional Development	Ohio Reads Grant	Reading Intervention Grant	Conflict Management	Title VI-B
\$ 22,097	\$ -	\$ 263	\$ -	\$ 2,211	\$ -	\$ 28,078
-	-	-	-	-	-	-
<u>22,097</u>	<u>-</u>	<u>263</u>	<u>-</u>	<u>2,211</u>	<u>-</u>	<u>28,078</u>
-	-	-	-	-	-	400
507	-	-	-	-	-	3,265
215	-	-	-	-	-	229
-	-	-	-	-	-	-
81	-	-	-	-	-	-
803	-	-	-	-	-	3,894
-	-	263	-	-	-	20,473
21,294	-	-	-	2,211	-	3,711
21,294	-	263	-	2,211	-	24,184
<u>\$ 22,097</u>	<u>\$ -</u>	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ 2,211</u>	<u>\$ -</u>	<u>\$ 28,078</u>

(Continued)

Chardon Local School District

Combining Balance Sheet
Nonmajor Special Revenue Funds - Continued

June 30, 2004

	Title I	Title VI	Drug Free Schools Grant	Class Size Reduction
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 5,481	\$ 400	\$ -	\$ 677
Receivables:				
Accounts	-	-	-	-
<i>Total Assets</i>	<u>5,481</u>	<u>400</u>	<u>-</u>	<u>677</u>
Liabilities:				
Accounts Payable	-	-	-	-
Accrued Wages	6,529	-	-	-
Pension Obligation Payable	914	-	-	-
Interfund Payable	-	13,967	2,831	-
Intergovernmental Payable	-	-	-	-
<i>Total Liabilities</i>	<u>7,443</u>	<u>13,967</u>	<u>2,831</u>	<u>-</u>
Fund Balance:				
Reserved for Encumbrances	-	-	-	40
Unreserved:				
Undesignated	(1,962)	(13,567)	(2,831)	637
<i>Total Fund Balances (Deficit)</i>	<u>(1,962)</u>	<u>(13,567)</u>	<u>(2,831)</u>	<u>677</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 5,481</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ 677</u>

Miscellaneous Federal Grants	Special Trust	Total Nonmajor Special Revenue Funds
\$ -	\$ 20,802	\$ 460,394
-	-	1,207
-	20,802	461,601
-	-	27,602
-	-	10,702
-	-	1,414
2,235	-	19,033
-	-	1,264
2,235	-	60,015
-	2,000	83,741
(2,235)	18,802	317,845
(2,235)	20,802	401,586
\$ -	\$ 20,802	\$ 461,601

Chardon Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Year Ending June 30, 2004

	Public School Support	Other Grants	Athletic and Music	Auxiliary Services
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 890,579
Interest	-	-	-	3,085
Extracurricular Activities	47,991	-	221,796	-
Classroom Materials and Fees	4,310	-	-	-
Miscellaneous	38,625	1,970	25,370	-
<i>Total Revenues</i>	90,926	1,970	247,166	893,664
Expenditures:				
Current:				
Instruction:				
Regular	5,084	3,768	-	-
Special	-	7,990	-	-
Support Services:				
Pupils	69,279	4	-	-
Instructional Staff	1,526	495	-	-
Administration	-	250	-	-
Operation and Maintenance of Plant	-	-	-	-
Pupil Transportation	-	-	-	-
Central	-	-	-	-
Operation of Non-Instructional Services	-	-	-	871,110
Extracurricular Activities	-	-	229,664	-
<i>Total Expenditures</i>	75,889	12,507	229,664	871,110
Excess of Revenues Over (Under) Expenditures	15,037	(10,537)	17,502	22,554
Other Financing Sources (Uses):				
Transfers In	614	-	14,970	-
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	614	-	14,970	-
Net Change in Fund Balances	15,651	(10,537)	32,472	22,554
Fund Balance (Deficit) at Beginning of Year	40,998	16,605	97,969	137,038
Fund Balance (Deficit) at End of Year	\$ 56,649	\$ 6,068	\$ 130,441	\$ 159,592

Educational Management Information System	Data Communication	SchoolNet Professional Development	Ohio Reads Grant	Reading Intervention Grant	Conflict Management	Title VI-B
\$ 11,917	\$ 18,000	\$ 4,140	\$ 8,000	\$ 57,955	\$ 4,400	\$ 453,647
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
11,917	18,000	4,140	8,000	57,955	4,400	453,647
-	-	-	8,000	-	-	2,300
-	-	-	-	53,066	-	33,783
-	18,000	-	-	2,678	4,410	287,077
-	-	3,877	-	-	-	7,923
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	66,076
15,399	-	-	-	-	-	-
-	-	-	-	-	-	37,136
-	-	-	-	-	-	-
15,399	18,000	3,877	8,000	55,744	4,410	434,295
(3,482)	-	263	-	2,211	(10)	19,352
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(3,482)	-	263	-	2,211	(10)	19,352
24,776	-	-	-	-	10	4,832
\$ 21,294	\$ -	\$ 263	\$ -	\$ 2,211	\$ -	\$ 24,184

(Continued)

Chardon Local School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds - Continued

For the Year Ending June 30, 2004

	Title I	Title VI	Drug Free Schools Grant	Class Size Reduction
Revenues:				
Intergovernmental	\$ 118,318	\$ 30,402	\$ 8,379	\$ 85,886
Interest	-	-	-	-
Extracurricular Activities	-	-	-	-
Classroom Materials and Fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	118,318	30,402	8,379	85,886
Expenditures:				
Current:				
Instruction:				
Regular	-	-	2,237	71,218
Special	107,227	25,488	-	-
Support Services:				
Pupils	-	-	8,496	13,991
Instructional Staff	15,729	-	56	-
Administration	-	-	-	-
Operation and Maintenance of Plant	-	-	1,304	-
Pupil Transportation	-	-	80	-
Central	-	-	-	-
Operation of Non-Instructional Services	-	9,361	-	-
Extracurricular Activities	-	-	-	-
<i>Total Expenditures</i>	122,956	34,849	12,173	85,209
Excess of Revenues Over (Under) Expenditures	(4,638)	(4,447)	(3,794)	677
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	(11,745)	-	-
<i>Total Other Financing Sources (Uses)</i>	-	(11,745)	-	-
Net Change in Fund Balances	(4,638)	(16,192)	(3,794)	677
Fund Balance (Deficit) at Beginning of Year	2,676	2,625	963	-
Fund Balance (Deficit) at End of Year	<u>\$ (1,962)</u>	<u>\$ (13,567)</u>	<u>\$ (2,831)</u>	<u>\$ 677</u>

Miscellaneous Federal Grants	Special Trust	Total Nonmajor Special Revenue Funds
\$ 495	\$ -	\$ 1,692,118
-	213	3,298
-	-	269,787
-	-	4,310
-	10,385	76,350
495	10,598	2,045,863
-	-	92,607
16,459	-	244,013
-	-	403,935
1,869	-	31,475
-	-	250
-	-	1,304
-	-	66,156
-	-	15,399
861	8,983	927,451
-	-	229,664
19,189	8,983	2,012,254
(18,694)	1,615	33,609
-	-	15,584
-	-	(11,745)
-	-	3,839
(18,694)	1,615	37,448
16,459	19,187	364,138
<u>\$ (2,235)</u>	<u>\$ 20,802</u>	<u>\$ 401,586</u>

Chardon Local School District

Combining Statement of Changes in Assets and Liabilities
Agency Fund

For the Year Ended June 30, 2004

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2003</u>
Student Activities				
Assets:				
Cash and Cash Equivalents	\$ 71,457	91,317	(91,137)	\$ 71,637
Total Assets	<u>\$ 71,457</u>	<u>91,317</u>	<u>(91,137)</u>	<u>\$ 71,637</u>
Liabilities:				
Accounts Payable	\$ 2,814	250	(2,814)	\$ 250
Due to Students	68,643	(88,393)	91,137	71,387
Total Liabilities	<u>\$ 71,457</u>	<u>(88,143)</u>	<u>88,323</u>	<u>\$ 71,637</u>

Chardon Local School District

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

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 15,616,700	\$ 16,077,244	\$ 16,210,370	\$ 133,126
Intergovernmental	7,949,334	8,481,934	8,286,067	(195,867)
Interest	89,088	96,834	62,591	(34,243)
Tuition	128,683	139,871	90,416	(49,455)
Extracurricular Activities	36,140	45,886	33,335	(12,551)
Transportation Fees	12,373	13,449	-	(13,449)
Lieu of Taxes	7,919	8,607	6,809	(1,798)
Classroom Materials and Fees	129,575	154,143	140,883	(13,260)
Miscellaneous	182,300	198,149	169,317	(28,832)
Total Revenues	24,152,112	25,216,117	24,999,788	(216,329)
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	7,956,315	8,145,731	8,126,720	19,011
Fringe Benefits	2,366,661	2,672,330	2,536,654	135,676
Purchased Services	214,225	344,757	344,148	609
Materials and Supplies	527,930	445,295	422,525	22,770
Capital Outlay - New	7,066	7,156	7,131	25
Capital Outlay - Replacement	12,058	12,088	11,799	289
Total Regular	11,084,255	11,627,357	11,448,977	178,380
Special:				
Salaries and Wages	1,140,402	1,195,351	1,194,943	408
Fringe Benefits	347,790	365,338	365,338	-
Purchased Services	759,621	944,641	942,894	1,747
Materials and Supplies	30,051	30,051	29,777	274
Total Special	2,277,864	2,535,381	2,532,952	2,429
Vocational:				
Salaries and Wages	202,398	203,078	203,025	53
Fringe Benefits	55,603	58,898	58,898	-
Purchased Services	250	250	250	-
Materials and Supplies	4,093	4,093	4,056	37
Capital Outlay - Replacement	1,040	1,040	1,030	10
Total Vocational	263,384	267,359	267,259	100
Other:				
Purchased Services	354,500	309,500	287,625	21,875
Total Other	354,500	309,500	287,625	21,875
Total Instruction	13,980,003	14,739,597	14,536,813	202,784

(continued)

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$ 761,093	\$ 678,295	\$ 675,673	\$ 2,622
Fringe Benefits	187,298	196,550	196,550	-
Purchased Services	209,947	164,889	117,959	46,930
Materials and Supplies	6,730	6,730	6,592	138
Total Pupils	1,165,068	1,046,464	996,774	49,690
Instructional Staff:				
Salaries and Wages	618,389	718,447	694,948	23,499
Fringe Benefits	183,353	228,393	228,393	-
Purchased Services	111,749	111,749	50,343	61,406
Materials and Supplies	59,708	56,138	43,419	12,719
Capital Outlay - New	7,750	7,750	6,744	1,006
Capital Outlay - Replacement	4,918	4,918	3,466	1,452
Total Instructional Staff	985,867	1,127,395	1,027,313	100,082
Board of Education:				
Salaries and Wages	7,462	9,835	9,835	-
Fringe Benefits	1,099	1,442	1,442	-
Purchased Services	16,108	15,608	14,807	801
Materials and Supplies	700	700	456	244
Other	25,890	20,059	14,237	5,822
Total Board of Education	51,259	47,644	40,777	6,867
Administration:				
Salaries and Wages	1,621,229	1,582,937	1,452,291	130,646
Fringe Benefits	547,961	601,150	601,150	-
Purchased Services	239,028	223,779	205,075	18,704
Materials and Supplies	79,149	60,622	52,600	8,022
Capital Outlay - Replacement	750	750	500	250
Other	7,190	5,966	4,841	1,125
Total Administration	2,495,307	2,475,204	2,316,457	158,747
Fiscal:				
Salaries and Wages	182,167	184,917	184,765	152
Fringe Benefits	59,354	66,889	66,889	-
Purchased Services	64,372	52,970	48,259	4,711
Materials and Supplies	10,937	13,541	12,128	1,413
Capital Outlay - New	488	1,890	1,515	375
Capital Outlay - Replacement	1,912	1,912	1,912	-
Other	466,269	525,047	510,663	14,384
Total Fiscal	785,499	847,166	826,131	21,035

(continued)

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$ 198,397	\$ 194,497	\$ 193,188	\$ 1,309
Fringe Benefits	78,329	81,720	81,720	-
Purchased Services	115,367	114,140	109,185	4,955
Materials and Supplies	400	400	297	103
Total Business	392,493	390,757	384,390	6,367
Operation and Maintenance of Plant:				
Salaries and Wages	989,098	966,369	964,729	1,640
Fringe Benefits	403,617	448,675	445,115	3,560
Purchased Services	805,154	799,739	751,406	48,333
Materials and Supplies	246,485	247,608	246,636	972
Capital Outlay - New	4,185	7,185	6,812	373
Capital Outlay - Replacement	18,800	17,800	17,599	201
Other	800	800	750	50
Total Operation and Maintenance of Plant	2,468,139	2,488,176	2,433,047	55,129
Pupil Transportation:				
Salaries and Wages	1,280,091	1,121,199	1,116,914	4,285
Fringe Benefits	482,508	528,409	528,409	-
Purchased Services	75,849	65,964	61,626	4,338
Materials and Supplies	241,402	251,889	245,031	6,858
Capital Outlay - New	4,000	4,000	3,295	705
Capital Outlay - Replacement	63,600	57,131	55,724	1,407
Total Pupils Transportation	2,147,450	2,028,592	2,010,999	17,593
Central:				
Salaries and Wages	94,807	110,764	110,656	108
Fringe Benefits	37,100	41,484	41,484	-
Purchased Services	24,960	24,740	21,665	3,075
Materials and Supplies	1,749	3,824	3,470	354
Capital Outlay - Replacement	400	900	-	900
Other	2,715	2,935	2,782	153
Total Central	161,731	184,647	180,057	4,590
Total Support Services	10,652,813	10,636,045	10,215,945	420,100
Operation of Non-Instructional Services:				
Food Services Operation:				
Salaries and Wages	-	4,992	4,921	71
Fringe Benefits	-	30	21	9
Total Food Services Operation	-	5,022	4,942	80

(continued)

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Services:				
Salaries and Wages	39,608	39,608	38,848	760
Fringe Benefits	11,719	22,385	22,385	-
Total Community Services	51,327	61,993	61,233	760
Total Operation of Non-Instructional Services	51,327	67,015	66,175	840
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	\$ 23,416	\$ 23,416	\$ 23,219	\$ 197
Fringe Benefits	3,927	3,927	3,752	175
Total Academic and Subject Oriented Activities	27,343	27,343	26,971	372
Sports Oriented Activities:				
Salaries and Wages	256,699	265,197	264,832	365
Fringe Benefits	42,115	42,509	42,509	-
Purchased Services	9,500	9,500	9,045	455
Total Sports Oriented Activities	308,314	317,206	316,386	820
Co-Curricular Activities:				
Salaries and Wages	38,506	38,506	34,673	3,833
Fringe Benefits	6,221	6,221	4,739	1,482
Total Co-Curricular Activities	44,727	44,727	39,412	5,315
Total Extracurricular Activities	380,384	389,276	382,769	6,507
Capital Outlay				
Site Improvement:				
Purchased Services	51,000	51,000	49,800	1,200
Total Site Improvement	51,000	51,000	49,800	1,200
Architectures and Engineering:				
Purchased Services	50,570	50,570	50,546	24
Total Architectures and Engineering	50,570	50,570	50,546	24
Building Improvement:				
Purchased Services	147,352	147,352	143,760	3,592
Total Building Improvement	147,352	147,352	143,760	3,592
Total Capital Outlay	248,922	248,922	244,106	4,816
Total Expenditures	25,313,449	26,080,855	25,445,808	635,047
Excess of Revenues Over/(Under) Expenditures	(1,161,337)	(864,738)	(446,020)	418,718

(continued)

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	\$ 2,475	\$ 2,690	\$ 5,267	\$ 2,577
Refund of Prior Year Expenditures	990	45,524	45,524	-
Contingencies	(11,000)	(11,000)	-	11,000
Advances In	164,257	95,569	95,569	-
Advances Out	(46,500)	(53,629)	(43,129)	10,500
Transfers In	100,794	11,745	11,745	-
Transfers Out	(96,229)	(96,229)	(96,229)	-
<i>Total Other Financing Sources (Uses)</i>	<u>114,787</u>	<u>(5,330)</u>	<u>18,747</u>	<u>24,077</u>
Net Change in Fund Balance	(1,046,550)	(870,068)	(427,273)	442,795
Fund Balance (Deficit) at The Beginning of Year	2,929,032	2,929,032	2,929,032	-
Prior Year Encumbrances Appropriated	<u>495,130</u>	<u>495,130</u>	<u>495,130</u>	<u>-</u>
Fund Balance (Deficit) at The End of Year	<u>\$ 2,377,612</u>	<u>\$ 2,554,094</u>	<u>\$ 2,996,889</u>	<u>\$ 442,795</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amount</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Extracurricular Activities	\$ 45,168	\$ 71,030	\$ 47,921	\$ (23,109)
Classroom Materials and Fees	7,163	11,264	4,310	(6,954)
Miscellaneous	32,867	51,686	37,868	(13,818)
Total Revenues	85,198	133,980	90,099	(43,881)
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	-	149	-	149
Materials and Supplies	4,448	7,123	1,823	5,300
Other	8,587	12,383	3,544	8,839
Total Regular	13,035	19,655	5,367	14,288
Total Instruction	13,035	19,655	5,367	14,288
Support Services:				
Pupils:				
Purchased Services	11,152	23,135	15,835	7,300
Materials and Supplies	30,859	38,214	20,577	17,637
Capital Outlay - New	4,017	4,017	2,774	1,243
Capital Outlay - Replacement	3,050	5,350	4,274	1,076
Other	35,353	40,466	32,958	7,508
Total Pupils	84,431	111,182	76,418	34,764
Instructional Staff:				
Materials and Supplies	2,499	2,924	656	2,268
Other	515	1,350	913	437
Total Instructional Staff	3,014	4,274	1,569	2,705
Total Support Services	87,445	115,456	77,987	37,469
Total Expenditures	100,480	135,111	83,354	51,757
<i>Excess of Revenues Over/(Under) Expenditures</i>	<i>(15,282)</i>	<i>(1,131)</i>	<i>6,745</i>	<i>7,876</i>
Other Financing Sources (Uses):				
Transfers In	-	-	614	614
Transfers Out	(43,664)	(43,664)	-	43,664
Total Other Financing Sources (Uses)	(43,664)	(43,664)	614	44,278
Net Change in Fund Balance	(58,946)	(44,795)	7,359	52,154
Fund Balance (Deficit) at The Beginning of Year	38,406	38,406	38,406	-
Prior Year Encumbrances Appropriated	6,423	6,423	6,423	-
Fund Balance (Deficit) at The End of Year	\$ (14,117)	\$ 34	\$ 52,188	\$ 52,154

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Other Grants Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 15,000	\$ 1,970	\$ 1,970	\$ -
Total Revenues	15,000	1,970	1,970	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	1,008	1,008	989	19
Materials and Supplies	3,856	3,856	2,779	1,077
Total Regular	4,864	4,864	3,768	1,096
Special:				
Materials and Supplies	7,990	7,990	7,990	-
Total Special	7,990	7,990	7,990	-
Total Instruction	12,854	12,854	11,758	1,096
Support Services:				
Pupils:				
Purchased Services	4	4	4	-
Total Pupils	4	4	4	-
Instructional Staff:				
Purchased Services	4,773	4,773	1,052	3,721
Materials and Supplies	100	100	-	100
Total Instructional Staff	4,873	4,873	1,052	3,821
Administration:				
Purchased Services	1,400	1,400	250	1,150
Total Administration	1,400	1,400	250	1,150
Total Support Services	6,277	6,277	1,306	4,971
Total Expenditures	19,131	19,131	13,064	6,067
<i>Excess of Revenues Over/(Under) Expenditures</i>	(4,131)	(17,161)	(11,094)	6,067
Net Change in Fund Balance	(4,131)	(17,161)	(11,094)	6,067
Fund Balance (Deficit) at The Beginning of Year	15,579	15,579	15,579	-
Prior Year Encumbrances Appropriated	1,583	1,583	1,583	-
Fund Balance (Deficit) at The End of Year	<u>\$ 13,031</u>	<u>\$ 1</u>	<u>\$ 6,068</u>	<u>\$ 6,067</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Athletic and Music Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular Activities	\$ 199,081	\$ 256,867	\$ 221,796	\$ (35,071)
Miscellaneous	31,040	40,050	25,358	(14,692)
Total Revenues	230,121	296,917	247,154	(49,763)
Expenditures:				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	7,376	13,207	6,517	6,690
Materials and Supplies	24,749	23,054	18,398	4,656
Capital Outlay - New	3,451	10,596	1,686	8,910
Capital Outlay - Replacement	1,236	3,197	112	3,085
Other	47,461	73,930	67,451	6,479
Total Academic and Subject Oriented Activities	84,273	123,984	94,164	29,820
Sports Oriented Activities:				
Salaries and Wages	6,309	5,848	5,797	51
Fringe Benefits	417	1,520	1,430	90
Purchased Services	138,380	117,767	116,938	829
Materials and Supplies	22,620	22,660	6,783	15,877
Capital Outlay - New	22,795	26,295	13,733	12,562
Capital Outlay - Replacement	15,888	16,084	5,066	11,018
Other	12,765	15,609	974	14,635
Total Sports Oriented Activities	219,174	205,783	150,721	55,062
Co-Curricular Activities:				
Materials and Supplies	4,859	5,122	275	4,847
Capital Outlay - New	141	141	-	141
Other	4,608	5,920	1,214	4,706
Total Co-Curricular Activities	9,608	11,183	1,489	9,694
Total Extracurricular Activities	313,055	340,950	246,374	94,576
Total Expenditures	313,055	340,950	246,374	94,576
<i>Excess of Revenues Over/(Under) Expenditures</i>	(82,934)	(44,033)	780	44,813
Other Financing Sources (Uses):				
Transfers In	-	-	14,970	14,970
Transfers Out	(34,802)	(34,802)	-	34,802
Total Other Financing Sources (Uses)	(34,802)	(34,802)	14,970	49,772
Net Change in Fund Balance	(117,736)	(78,835)	15,750	94,585
Fund Balance (Deficit) at The Beginning of Year	90,848	90,848	90,848	-
Prior Year Encumbrances Appropriated	8,862	8,862	8,862	-
Fund Balance (Deficit) at The End of Year	\$ (18,026)	\$ 20,875	\$ 115,460	\$ 94,585

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 868,826	\$ 896,511	\$ 893,625	\$ (2,886)
Interest	-	-	3,085	3,085
Total Revenues	868,826	896,511	896,710	199
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	123,367	125,953	112,353	13,600
Fringe Benefits	43,135	44,867	43,195	1,672
Purchased Services	328,634	330,022	325,333	4,689
Materials and Supplies	276,808	282,016	243,296	38,720
Capital Outlay - New	233,858	223,919	175,999	47,920
Other	35,295	35,742	35,718	24
Total Community Services	1,041,097	1,042,519	935,894	106,625
Total Operation of Non-Instructional Services	1,041,097	1,042,519	935,894	106,625
Total Expenditures	1,041,097	1,042,519	935,894	106,625
<i>Excess of Revenues Over/(Under) Expenditures</i>	(172,271)	(146,008)	(39,184)	106,824
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	(3,046)	(3,046)	(3,046)	-
Contingency	(1,227)	(11,678)	-	11,678
Total Other Financing Sources (Uses)	(4,273)	(14,724)	(3,046)	11,678
Net Change in Fund Balance	(176,544)	(160,732)	(42,230)	118,502
Fund Balance (Deficit) at The Beginning of Year	2,532	2,532	2,532	-
Prior Year Encumbrances Appropriated	158,204	158,204	158,204	-
Fund Balance (Deficit) at The End of Year	\$ (15,808)	\$ 4	\$ 118,506	\$ 118,502

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Education Management Information Systems
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,000	\$ 11,917	\$ 11,917	\$ -
Total Revenues	12,000	11,917	11,917	-
Expenditures:				
Current:				
Support Services:				
Central:				
Salaries and Wages	9,727	13,302	10,001	3,301
Fringe Benefits	2,101	3,425	3,386	39
Capital Outlay - New	3,600	7,535	1,443	6,092
Total Central	15,428	24,262	14,830	9,432
Total Support Services	15,428	24,262	14,830	9,432
<i>Total Expenditures</i>	15,428	24,262	14,830	9,432
Net Change in Fund Balance	(3,428)	(12,345)	(2,913)	9,432
Fund Balance (Deficit) at The Beginning of Year	25,008	25,008	25,008	-
Fund Balance (Deficit) at The End of Year	<u>\$ 21,580</u>	<u>\$ 12,663</u>	<u>\$ 22,095</u>	<u>\$ 9,432</u>

Chardon Local School District, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Data Communication Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 21,000	\$ 18,000	\$ 18,000	\$ -
Total Revenues	21,000	18,000	18,000	-
Expenditures:				
Current:				
Support Services:				
Pupils:				
Purchased Services	-	18,000	18,000	-
Total Pupils	-	18,000	18,000	-
Total Support Services	-	18,000	18,000	-
<i>Total Expenditures</i>	-	18,000	18,000	-
Net Change in Fund Balance	21,000	-	-	-
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Chardon Local School District, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 SchoolNet Professional Development Fund
 For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 4,500	\$ 4,140	\$ 4,140	\$ -
Total Revenues	4,500	4,140	4,140	-
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	4,140	4,140	4,140	-
Total Instructional Staff	4,140	4,140	4,140	-
Total Support Services	4,140	4,140	4,140	-
<i>Total Expenditures</i>	4,140	4,140	4,140	-
<i>Excess of Revenues Over/(Under) Expenditures</i>	360	-	-	-
Net Change in Fund Balance	360	-	-	-
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,000	\$ 8,000	\$ 8,000	\$ -
Total Revenues	8,000	8,000	8,000	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	2,000	4,000	4,000	-
Purchased Services	4,000	4,000	4,000	-
Total Regular	6,000	8,000	8,000	-
Total Instruction	6,000	8,000	8,000	-
Total Expenditures	6,000	8,000	8,000	-
Excess of Revenues Over/(Under) Expenditures	2,000	-	-	-
Net Change in Fund Balance	2,000	-	-	-
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Reading Intervention Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Intergovernmental	\$ -	\$ 57,955	\$ 57,955	\$ -
Total Revenues	-	57,955	57,955	-
Expenditures:				
Current:				
Instruction:				
Special:				
Salaries and Wages	26,455	19,555	18,483	1,072
Fringe Benefits	4,000	4,000	3,352	648
Materials and Supplies	23,000	31,422	31,231	191
Total Special	53,455	54,977	53,066	1,911
Total Instruction	53,455	54,977	53,066	1,911
Support Services:				
Pupils:				
Salaries and Wages	3,000	1,678	1,678	-
Materials and Supplies	1,500	1,300	1,000	300
Total Pupils	4,500	2,978	2,678	300
Total Support Services	4,500	2,978	2,678	300
Total Expenditures	57,955	57,955	55,744	2,211
<i>Excess of Revenues Over/(Under) Expenditures</i>	(57,955)	-	2,211	2,211
Net Change in Fund Balance	(57,955)	-	2,211	2,211
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	\$ (57,955)	\$ -	\$ 2,211	\$ 2,211

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 4,400	\$ 4,400	\$ -
Total Revenues	-	4,400	4,400	-
Expenditures:				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	4,000	4,000	4,000	-
Purchased Services	120	120	120	-
Materials and Supplies	280	280	280	-
Total Pupils	4,400	4,400	4,400	-
Total Support Services	4,400	4,400	4,400	-
Total Expenditures	4,400	4,400	4,400	-
Excess of Revenues Over/(Under) Expenditures	(4,400)	-	-	-
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	(10)	(10)	(10)	-
Total Other Financing Sources (Uses)	(10)	(10)	(10)	-
Net Change in Fund Balance	(4,410)	(10)	(10)	-
Fund Balance (Deficit) at The Beginning of Year	10	10	10	-
Fund Balance (Deficit) at The End of Year	<u>\$ (4,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 460,718	\$ 532,149	\$ 532,149	\$ -
Total Revenues	460,718	532,149	532,149	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	-	11,685	10,112	1,573
Total Regular	-	11,685	10,112	1,573
Special:				
Salaries and Wages	25,000	25,000	23,654	1,346
Materials and Supplies	10,396	10,337	10,337	-
Capital Outlay - New	5,000	2,492	2,492	-
Total Special	40,396	37,829	36,483	1,346
Total Instruction	40,396	49,514	46,595	2,919
Support Services:				
Pupils:				
Purchased Services	256,335	256,335	256,095	240
Capital Outlay - New	39,682	39,540	39,540	-
Total Pupils	296,017	295,875	295,635	240
Instructional Staff:				
Salaries and Wages	3,000	1,305	1,305	-
Fringe Benefits	900	900	900	-
Purchased Services	10,000	4,951	4,951	-
Materials and Supplies	3,000	767	767	-
Total Instructional Staff	16,900	7,923	7,923	-
Pupil Transportation:				
Purchased Services	75,000	71,816	67,771	4,045
Total Pupil Transportation	75,000	71,816	67,771	4,045
Total Support Services	387,917	375,614	371,329	4,285

(continued)

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Fund (Continued)
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	32,153	32,153	32,153	-
Fringe Benefits	4,983	4,983	4,983	-
Total Community Services	37,136	37,136	37,136	-
Total Operation of Non-Instructional Services	37,136	37,136	37,136	-
<i>Total Expenditures</i>	465,449	462,264	455,060	7,204
<i>Excess of Revenues Over/(Under) Expenditures</i>	(4,731)	69,885	77,089	7,204
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	(3,887)	(3,887)	(3,887)	-
Advances Out	(71,604)	(71,604)	(71,604)	-
<i>Total Other Financing Sources (Uses)</i>	(75,491)	(75,491)	(75,491)	-
Net Change in Fund Balance	(80,222)	(5,606)	1,598	7,204
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	5,606	5,606	5,606	-
Fund Balance (Deficit) at The End of Year	<u>\$ (74,616)</u>	<u>\$ -</u>	<u>\$ 7,204</u>	<u>\$ 7,204</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 174,251	\$ 118,318	\$ 118,318	\$ -
Total Revenues	174,251	118,318	118,318	-
Expenditures:				
Current:				
Instruction:				
Special:				
Salaries and Wages	133,833	92,390	92,390	-
Fringe Benefits	17,974	15,781	15,781	-
Purchased Services	1,944	604	604	-
Materials and Supplies	944	435	435	-
Total Special	154,695	109,210	109,210	-
Total Instruction	154,695	109,210	109,210	-
Support Services:				
Instructional Staff:				
Salaries and Wages	13,624	13,624	13,624	-
Fringe Benefits	2,113	2,105	2,105	-
Total Instructional Staff	15,737	15,729	15,729	-
Total Support Services	15,737	15,729	15,729	-
Total Expenditures	170,432	124,939	124,939	-
<i>Excess of Revenues Over/(Under) Expenditures</i>	3,819	(6,621)	(6,621)	-
Net Change in Fund Balance	3,819	(6,621)	(6,621)	-
Fund Balance (Deficit) at The Beginning of Year	12,102	12,102	12,102	-
Fund Balance (Deficit) at The End of Year	<u>\$ 15,921</u>	<u>\$ 5,481</u>	<u>\$ 5,481</u>	<u>\$ -</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 42,885	\$ 40,595	\$ (2,290)
Total Revenues	-	42,885	40,595	(2,290)
Expenditures:				
Current:				
Instruction:				
Special:				
Salaries and Wages	18,083	18,083	18,083	-
Fringe Benefits	3,074	3,074	3,074	-
Purchased Services	4,500	4,278	4,278	-
Materials and Supplies	463	452	53	399
Total Special	26,120	25,887	25,488	399
Total Instruction	26,120	25,887	25,488	399
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	4,251	4,251	4,251	-
Materials and Supplies	4,246	5,110	5,110	-
Total Community Services	8,497	9,361	9,361	-
Total Operation of Non-Instructional Services	8,497	9,361	9,361	-
Total Expenditures	34,617	35,248	34,849	399
<i>Excess of Revenues Over/(Under) Expenditures</i>	<i>(34,617)</i>	<i>7,637</i>	<i>5,746</i>	<i>(1,891)</i>
Other Financing Sources (Uses):				
Advances In	-	-	2,222	2,222
Transfers Out	-	(11,745)	(11,745)	-
Total Other Financing Sources (Uses)	-	(11,745)	(9,523)	2,222
Net Change in Fund Balance	(34,617)	(4,108)	(3,777)	331
Fund Balance (Deficit) at The Beginning of Year	76	76	76	-
Prior Year Encumbrances Appropriated	4,100	4,100	4,100	-
Fund Balance (Deficit) at The End of Year	\$ (30,441)	\$ 68	\$ 399	\$ 331

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

	<u>Budgeted Amount</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 9,751	\$ 11,051	\$ 8,379	\$ (2,672)
Total Revenues	9,751	11,051	8,379	(2,672)
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	211	-	-	-
Purchased Services	300	240	240	-
Materials and Supplies	2,503	2,482	2,482	-
Total Regular	3,014	2,722	2,722	-
Total Instruction	3,014	2,722	2,722	-
Support Services:				
Pupils:				
Purchased Services	8,496	8,496	8,496	-
Total Pupils	8,496	8,496	8,496	-
Instructional Staff:				
Purchased Services	500	56	56	-
Total Instructional Staff	500	56	56	-
Operation and Maintenance of Plant:				
Purchased Services	1,304	1,304	1,304	-
Total Operation and Maintenance of Plant	1,304	1,304	1,304	-
Pupil Transportation:				
Salaries and Wages	120	60	60	-
Fringe Benefits	20	20	20	-
Total Pupils Transportation	140	80	80	-
Total Support Services	10,440	9,936	9,936	-
<i>Total Expenditures</i>	13,454	12,658	12,658	-
<i>Excess of Revenues Over/(Under) Expenditures</i>	(3,703)	(1,607)	(4,279)	(2,672)
Other Financing Sources (Uses):				
Advances In	-	-	2,672	2,672
<i>Total Other Financing Sources (Uses)</i>	-	-	2,672	2,672
Net Change in Fund Balance	(3,703)	(1,607)	(1,607)	-
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	1,607	1,607	1,607	-
Fund Balance (Deficit) at The End of Year	\$ (2,096)	\$ -	\$ -	\$ -

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Class Size Reduction Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 109,850	\$ 109,850	\$ -
Total Revenues	-	109,850	109,850	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	70,218	70,218	70,218	-
Fringe Benefits	1,000	1,000	1,000	-
Total Regular	71,218	71,218	71,218	-
Total Instruction	71,218	71,218	71,218	-
Support Services:				
Pupils:				
Salaries and Wages	8,585	8,585	8,585	-
Purchased Services	4,110	4,110	3,682	428
Materials and Supplies	2,110	1,973	1,763	210
Total Pupils	14,805	14,668	14,030	638
Total Support Services	14,805	14,668	14,030	638
Total Expenditures	86,023	85,886	85,248	638
<i>Excess of Revenues Over/(Under) Expenditures</i>	(86,023)	23,964	24,602	638
Other Financing Sources (Uses):				
Advances Out	(23,965)	(23,965)	(23,965)	-
Total Other Financing Sources (Uses)	(23,965)	(23,965)	(23,965)	-
Net Change in Fund Balance	(109,988)	(1)	637	638
Fund Balance (Deficit) at The Beginning of Year	1	1	1	-
Fund Balance (Deficit) at The End of Year	\$ (109,987)	\$ -	\$ 638	\$ 638

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,751	\$ 2,731	\$ 496	\$ (2,235)
Total Revenues	2,751	2,731	496	(2,235)
Expenditures:				
Current:				
Instruction:				
Special:				
Capital Outlay - New	14,395	14,395	14,395	-
Total Special	14,395	14,395	14,395	-
Total Instruction	14,395	14,395	14,395	-
Support Services:				
Instructional Staff:				
Purchased Services	1,869	1,869	1,869	-
Total Instructional Staff	1,869	1,869	1,869	-
Total Support Services	1,869	1,869	1,869	-
Operation of Non-Instructional Services:				
Community Services:				
Materials and Supplies	881	861	861	-
Total Community Services	881	861	861	-
Total Operation of Non-Instructional Services	881	861	861	-
<i>Total Expenditures</i>	17,145	17,125	17,125	-
<i>Excess of Revenues Over/(Under) Expenditures</i>	(14,394)	(14,394)	(16,629)	(2,235)
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	(2,064)	(2,064)	(2,064)	-
Advances In	-	-	2,235	2,235
<i>Total Other Financing Sources (Uses)</i>	(2,064)	(2,064)	171	2,235
Net Change in Fund Balance	(16,458)	(16,458)	(16,458)	-
Fund Balance (Deficit) at The Beginning of Year	1,258	1,258	1,258	-
Prior Year Encumbrances Appropriated	15,200	15,200	15,200	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ -	\$ -	\$ -

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 180	\$ 182	\$ 213	\$ 31
Miscellaneous	10,320	10,399	10,385	(14)
Total Revenues	10,500	10,581	10,598	17
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Other	25,217	30,262	10,983	19,279
Total Community Services	25,217	30,262	10,983	19,279
Total Operation of Non-Instructional Services	25,217	30,262	10,983	19,279
Total Expenditures	25,217	30,262	10,983	19,279
<i>Excess of Revenues Over/(Under) Expenditures</i>	(14,717)	(19,681)	(385)	19,296
Net Change in Fund Balance	(14,717)	(19,681)	(385)	19,296
Fund Balance (Deficit) at The Beginning of Year	19,681	19,681	19,681	-
Fund Balance (Deficit) at The End of Year	<u>\$ 4,964</u>	<u>\$ -</u>	<u>\$ 19,296</u>	<u>\$ 19,296</u>

Chardon Local School District, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Plus Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,022	\$ -	\$ -	\$ -
Total Revenues	50,022	-	-	-
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Capital Outlay - New	34,022	34,022	34,022	-
Total Instructional Staff	34,022	34,022	34,022	-
Total Support Services	34,022	34,022	34,022	-
<i>Total Expenditures</i>	34,022	34,022	34,022	-
<i>Excess of Revenues Over/(Under) Expenditures</i>	16,000	(34,022)	(34,022)	-
Net Change in Fund Balance	16,000	(34,022)	(34,022)	-
Fund Balance (Deficit) at The Beginning of Year	34,022	34,022	34,022	-
Fund Balance (Deficit) at The End of Year	<u>\$ 50,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Food Services	\$ 614,643	\$ 602,823	\$ 609,451	\$ 6,628
<i>Total Operating Revenues</i>	614,643	602,823	609,451	6,628
Operating Expenses:				
Salaries:				
Food Services Operation	344,028	338,306	338,274	32
Total Salaries	344,028	338,306	338,274	32
Fringe Benefits:				
Food Services Operation	124,696	140,280	140,280	-
Total Fringe Benefits	124,696	140,280	140,280	-
Purchased Services:				
Food Services Operation	2,300	3,300	1,914	1,386
Total Purchased Services	2,300	3,300	1,914	1,386
Supplies and Materials:				
Food Services Operation	354,900	343,900	341,211	2,689
Total Supplies and Materials	354,900	343,900	341,211	2,689
Capital Outlay - Replacement:				
Food Services Operation	1,000	695	695	-
Total Capital Outlay - Replacement	1,000	695	695	-
<i>Total Operating Expenses</i>	826,924	826,481	822,374	4,107
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(212,281)	(223,658)	(212,923)	10,735
Non-Operating Revenues/(Expenses):				
Intergovernmental Revenues	114,373	127,293	124,169	(3,124)
Interest	1,304	1,451	1,156	(295)
Miscellaneous Revenues	8,578	9,547	7,169	(2,378)
Transfers In	81,260	81,260	81,259	(1)
<i>Total Other Financing Sources (Uses)</i>	205,515	219,551	213,753	(5,798)
Net Change in Fund Balance	(6,766)	(4,107)	830	4,937
Fund Balance (Deficit) at The Beginning of Year	6,768	6,768	6,768	-
Fund Balance (Deficit) at The End of Year	\$ 2	\$ 2,661	\$ 7,598	\$ 4,937

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Classroom Materials and Fees	\$ 25,450	\$ 36,764	\$ 36,764	\$ -
<i>Total Operating Revenues</i>	25,450	36,764	36,764	-
Operating Expenses:				
Supplies and Materials:				
Regular Instruction	72,719	74,508	40,136	34,372
Total Supplies and Materials	72,719	74,508	40,136	34,372
<i>Total Operating Expenses</i>	72,719	74,508	40,136	34,372
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(47,269)	(37,744)	(3,372)	34,372
Non-Operating Revenues/(Expenses):				
Advances In	14,865	36,000	36,000	-
<i>Total Other Financing Sources (Uses)</i>	14,865	36,000	36,000	-
Net Change in Fund Balance	(32,404)	(1,744)	32,628	34,372
Fund Balance (Deficit) at The Beginning of Year	7,806	7,806	7,806	-
Fund Balance (Deficit) at The End of Year	<u>\$ (24,598)</u>	<u>\$ 6,062</u>	<u>\$ 40,434</u>	<u>\$ 34,372</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Summer School Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Tuition	\$ 40,968	\$ 42,188	\$ 43,246	\$ 1,058
Total Operating Revenues	40,968	42,188	43,246	1,058
Operating Expenses:				
Salaries:				
Regular Instruction	29,520	29,520	26,111	3,409
Administration	564	564	564	-
Total Salaries	30,084	30,084	26,675	3,409
Fringe Benefits:				
Regular Instruction	4,595	4,595	4,134	461
Administration	87	92	92	-
Total Fringe Benefits	4,682	4,687	4,226	461
Purchased Services:				
Regular Instruction	100	111	111	-
Total Purchased Services	100	111	111	-
Supplies and Materials:				
Regular Instruction	818	818	225	593
Administration		100	50	50
Total Supplies and Materials	818	918	275	643
Other:				
Regular Instruction	143	143	-	143
Total Other	143	143	-	143
Total Operating Expenses	35,827	35,943	31,287	4,656
Excess of Operating Revenues Over/ (Under) Operating Expenses	5,141	6,245	11,959	5,714
Non-Operating Revenues/(Expenses):				
Intergovernmental Revenues	32	33	-	(33)
<i>Total Other Financing Sources (Uses)</i>	32	33	-	(33)
Net Change in Fund Balance	5,173	6,278	11,959	5,681
Fund Balance (Deficit) at The Beginning of Year	39,166	39,166	39,166	-
Prior Year Encumbrances Appropriated	130	130	130	-
Fund Balance (Deficit) at The End of Year	\$ 44,469	\$ 45,574	\$ 51,255	\$ 5,681

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Tuition	\$ 40,625	\$ 19,211	\$ 22,383	\$ 3,172
<i>Total Operating Revenues</i>	40,625	19,211	22,383	3,172
Operating Expenses:				
Salaries:				
Adult/Continuing Instruction	11,881	11,881	-	11,881
Total Salaries	11,881	11,881	-	11,881
Fringe Benefits:				
Adult/Continuing Instruction	1,913	1,913	-	1,913
Total Fringe Benefits	1,913	1,913	-	1,913
Purchased Services:				
Adult/Continuing Instruction	14,657	14,657	9,875	4,782
Total Purchased Services	14,657	14,657	9,875	4,782
Supplies and Materials:				
Adult/Continuing Instruction	524	524	425	99
Total Supplies and Materials	524	524	425	99
Other:				
Adult/Continuing Instruction	361	361	327	34
Total Other	361	361	327	34
<i>Total Operating Expenses</i>	29,336	29,336	10,627	18,709
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	11,289	(10,125)	11,756	21,881
Net Change in Fund Balance	11,289	(10,125)	11,756	21,881
Fund Balance (Deficit) at The Beginning of Year	10,082	10,082	10,082	-
Prior Year Encumbrances Appropriated	2,270	2,270	2,270	-
Fund Balance (Deficit) at The End of Year	<u>\$ 23,641</u>	<u>\$ 2,227</u>	<u>\$ 24,108</u>	<u>\$ 21,881</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Self-Insurance Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 2,255,771	\$ 3,037,975	\$ 3,038,874	\$ 899
<i>Total Operating Revenues</i>	2,255,771	3,037,975	3,038,874	899
Operating Expenses:				
Purchased Services:				
Central Support Services	506,438	489,438	422,252	67,186
Total Purchased Services	506,438	489,438	422,252	67,186
Other:				
Central Support Services	2,245,786	2,303,644	2,303,606	38
Total Other	2,245,786	2,303,644	2,303,606	38
<i>Total Operating Expenses</i>	2,752,224	2,793,082	2,725,858	67,224
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(496,453)	244,893	313,016	68,123
Net Change in Fund Balance	(496,453)	244,893	313,016	68,123
Fund Balance (Deficit) at The Beginning of Year	460,705	460,705	460,705	-
Fund Balance (Deficit) at The End of Year	<u>\$ (35,748)</u>	<u>\$ 705,598</u>	<u>\$ 773,721</u>	<u>\$ 68,123</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Scholarship Trust Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Interest	\$ 3,621	\$ 1,328	\$ 1,495	\$ 167
Other Operating Revenues	379	534	500	(34)
<i>Total Operating Revenues</i>	4,000	1,862	1,995	133
Operating Expenses:				
Other:				
Pupils	14,381	14,750	1,550	13,200
Total Other	14,381	14,750	1,550	13,200
<i>Total Operating Expenses</i>	14,381	14,750	1,550	13,200
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(10,381)	(12,888)	445	13,333
Net Change in Fund Balance	(10,381)	(12,888)	445	13,333
Fund Balance (Deficit) at The Beginning of Year	147,019	147,019	147,019	-
Fund Balance (Deficit) at The End of Year	<u>\$ 136,638</u>	<u>\$ 134,131</u>	<u>\$ 147,464</u>	<u>\$ 13,333</u>

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Statistical Section

Chardon Local School District
General Governmental
Revenue by Source and Expenses/Expenditures by Function (1)
Last Ten Fiscal Years

	2004		2003		2002	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program Revenues						
Charges for Services	\$ 648,190	N/A	\$ 483,216	N/A	\$ 551,925	N/A
Operating Grants and Contributions	1,628,332	N/A	1,133,508	N/A	1,481,329	N/A
Capital Grants and Contribution	34,550	N/A	69,022	N/A	-	N/A
General Revenues						
Taxes	17,019,271	\$ 16,969,515	16,544,623	\$ 16,640,931	15,216,737	\$ 15,216,737
Intergovernmental	8,286,068	8,286,068	8,034,861	7,614,232	7,599,207	7,646,777
Interest	65,889	62,591	92,328	84,422	131,864	115,920
Tuition and Fees	-	135,880	-	135,069	-	-
Classroom Materials and Fees	-	140,883	-	125,774	-	117,216
Extracurricular Activities	-	33,335	-	35,359	-	33,043
Payment in Lieu of Taxes	-	6,809	-	8,038	-	-
Transportation Fee	-	-	-	9,395	-	21,008
Gain on Sales of Capital Asset	-	-	-	-	1,327	-
Miscellaneous	186,587	162,155	387,694	252,600	141,842	202,854
Transfers	(80,645)	-	(39,812)	-	23,267	-
<i>Total</i>	<u>\$ 27,788,242</u>	<u>\$ 25,797,236</u>	<u>\$ 26,705,440</u>	<u>\$ 24,905,820</u>	<u>\$ 25,147,498</u>	<u>\$ 23,353,555</u>
Expenses/Expenditures						
Current:						
Instruction:						
Regular	\$ 11,592,434	\$ 11,441,358	\$ 11,276,214	\$ 10,961,785	\$ 10,510,930	\$ 9,741,193
Special	2,729,466	2,511,229	2,419,958	2,211,004	1,940,607	1,718,973
Vocational	270,495	270,350	259,367	252,416	243,240	237,428
Other	287,605	287,605	152,132	152,132	210,426	210,426
Support Services:						
Pupil	1,397,641	1,024,294	1,475,300	1,038,277	1,325,621	1,114,390
Instructional Staff	1,139,146	1,033,862	1,067,277	871,900	908,405	858,778
Board of Education	40,053	39,198	34,747	34,559	48,091	41,151
Administration	2,196,666	2,217,971	2,079,458	2,078,100	1,944,781	1,897,271
Fiscal	843,137	794,907	662,530	663,506	705,015	701,718
Business	350,333	354,069	345,242	346,152	323,909	318,878
Operation and Maintenance of Plant	2,556,721	2,435,334	2,425,376	2,214,997	1,516,021	2,051,894
Pupil Transportation	2,110,543	1,985,783	2,058,271	2,064,765	1,686,187	1,790,935
Central	136,260	119,629	179,906	153,893	217,090	191,575
Operation of Non-instructional Services	992,273	66,640	952,175	47,723	912,238	44,363
Extracurricular Activities	675,547	384,145	647,373	355,723	591,572	338,550
Capital Outlay	-	239,001	-	288,875	-	411,608
Debt Service	-	-	-	-	11,861	-
<i>Total</i>	<u>\$ 27,318,320</u>	<u>\$ 25,205,375</u>	<u>\$ 26,035,326</u>	<u>\$ 23,735,807</u>	<u>\$ 23,095,994</u>	<u>\$ 21,669,131</u>

Source: School District Financial Records

(1) Includes General fund for modified accrual and all governmental activities for full accrual.

	2001	2000	1999	1998	1997	1996	1995
	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
\$	14,264,615	\$ 11,964,463	\$ 12,041,895	\$ 11,708,682	\$ 12,272,914	\$ 10,217,600	\$ 9,063,781
	6,977,629	6,210,276	5,833,639	5,162,280	4,956,941	4,637,742	4,517,304
	193,856	213,538	189,717	159,785	138,985	119,495	109,806
	187,211	119,357	108,910	122,423	122,906	199,070	159,428
	-	-	-	-	-	-	-
	22,465	23,969	923	24,218	23,520	21,705	21,798
	-	-	-	-	-	-	-
	69,220	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	372,390	213,776	132,614	383,217	127,433	101,823	94,942
	-	-	-	-	-	-	-
\$	<u>22,087,386</u>	<u>\$ 18,745,379</u>	<u>\$ 18,307,698</u>	<u>\$ 17,560,605</u>	<u>\$ 17,642,699</u>	<u>\$ 15,297,435</u>	<u>\$ 13,967,059</u>
\$	9,182,563	\$ 9,031,286	\$ 8,766,671	\$ 7,993,438	\$ 8,258,079	\$ 7,705,985	\$ 7,218,286
	2,006,638	1,682,687	1,295,931	1,036,258	1,160,420	873,637	821,436
	202,198	213,127	209,116	343,640	352,539	287,302	279,461
	-	86,277	42,007	89,275	74,528	66,714	62,663
	876,703	787,874	692,340	632,733	603,625	542,274	519,958
	767,296	625,274	697,867	471,804	524,222	456,521	430,378
	51,710	36,874	43,257	50,333	27,301	73,774	31,689
	1,838,176	1,672,156	1,608,187	1,312,185	1,354,287	1,232,605	1,335,296
	630,525	764,460	632,471	617,070	635,250	522,523	425,379
	266,331	298,745	268,896	238,235	240,782	213,650	220,912
	1,999,208	1,924,341	1,766,499	1,674,545	1,643,388	1,726,300	1,488,543
	2,172,874	1,602,288	1,480,629	1,274,185	1,391,246	1,286,986	1,331,957
	125,981	113,078	100,555	53,105	48,653	9,233	13,478
	91,629	80,536	70,056	66,549	62,429	61,551	24,010
	337,411	304,464	289,501	282,057	282,360	267,615	251,098
	322,234	395,394	536,413	262,622	161,128	137,343	243,238
	-	-	-	-	-	-	-
\$	<u>20,871,477</u>	<u>\$ 19,618,861</u>	<u>\$ 18,500,396</u>	<u>\$ 16,398,034</u>	<u>\$ 16,820,237</u>	<u>\$ 15,464,013</u>	<u>\$ 14,697,782</u>

Chardon Local School District
Property Tax Levies and Collections
Last Ten Calendar Years

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Current Levy
2003	\$ 17,626,819	\$ 829,916	\$ 18,456,735	\$ 17,128,757	97.17%	\$ 394,079	\$ 17,522,836	99.41%
2002	17,344,877	756,620	18,101,497	16,923,569	97.57	354,839	17,278,408	99.62
2001	17,063,561	886,616	17,950,177	16,564,524	97.08	430,111	16,994,635	99.60
2000	14,126,172	626,376	14,752,548	13,637,173	96.54	295,604	13,932,777	98.63
1999	13,676,065	612,573	14,288,638	13,306,702	97.30	247,971	13,554,673	99.11
1998	13,175,578	570,012	13,745,590	12,848,967	97.52	218,048	13,067,015	99.18
1997	12,691,458	587,687	13,279,145	12,421,446	97.87	224,685	12,646,131	99.64
1996	12,258,340	487,125	12,745,465	11,989,319	97.81	146,309	12,135,628	99.00
1995	10,041,694	508,006	10,549,700	9,844,916	98.04	171,457	10,016,373	99.75
1994	9,824,378	496,906	10,321,284	9,584,945	97.56	187,617	9,772,562	99.47

Source: Geauga County Auditor - 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 distribution through the State and reported as Intergovernmental Revenue.
- (2) Represents the collection year. The 2004 information cannot be presented because all collections have not been made by June 30.
- (3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

Chardon Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Collection Year	Real Property		Public Utility/ Personal Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value(1)	
2004	\$518,061,990	\$1,480,177,114	\$18,756,460	\$21,314,159	\$34,401,850	\$137,607,400	\$571,220,300	\$1,639,098,673	35%
2003	498,998,630	1,425,710,371	19,450,910	22,103,307	36,624,010	146,986,040	555,073,550	1,594,309,718	35
2002	451,161,920	1,289,034,057	19,116,360	21,723,136	35,455,180	141,820,720	505,733,460	1,452,577,913	35
2001	434,768,020	1,242,194,343	22,718,540	25,816,523	31,319,220	125,276,880	488,805,780	1,393,287,746	35
2000	416,470,710	1,189,916,314	21,512,370	24,445,874	31,105,800	124,423,200	469,088,880	1,338,785,388	35
1999	340,161,560	971,890,171	23,339,420	26,511,840	30,861,280	123,445,120	394,362,260	1,121,847,131	35
1998	321,778,320	919,366,629	23,776,900	27,019,204	27,426,470	109,705,880	372,981,690	1,056,091,713	35
1997	308,634,610	881,813,171	24,867,730	28,258,783	26,374,360	105,497,440	359,876,700	1,015,569,394	35
1996	273,589,130	781,683,229	25,437,850	28,906,647	24,576,800	98,307,200	323,603,780	908,897,076	35
1995	263,865,210	753,900,600	25,391,670	28,854,170	23,238,690	92,954,760	312,495,570	875,709,530	36

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

- (1) This amount is calculated based on the following percentages:
Real property is assessed at 35 percent of actual value.
Public utility/personal property is assessed at 88 percent of actual value.
Tangible personal property is assessed at 25 percent of actual value.

Chardon Local School District
Property Tax Rates – Direct and Overlapping Governments
(per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

Year	School Levy	JVS	County Levy	Village Levy	Library Levy	Total Levy	Debt Service Included in Total Levy		
							School	County	Total
2003	64.88	1.50	15.10	11.00	1.00	93.48	0.00	0.30	0.30
2002	64.88	1.50	14.60	11.00	1.00	92.98	0.00	0.30	0.30
2001	64.88	1.50	14.40	11.00	1.00	92.78	0.00	0.30	0.30
2000	60.10	1.50	13.65	11.00	1.00	87.25	0.00	0.30	0.30
1999	60.10	1.50	13.45	11.00	1.00	87.05	0.00	0.30	0.30
1998	60.10	1.50	13.45	11.00	1.00	87.05	0.00	0.30	0.30
1997	60.10	1.50	13.45	9.20	1.00	85.25	0.00	0.30	0.30
1996	60.10	1.50	13.85	9.20	1.00	85.65	0.00	0.30	0.30
1995	54.30	1.50	11.85	9.20	1.00	77.85	0.00	0.30	0.30
1994	54.60	1.50	11.85	9.20	1.00	78.15	0.30	0.30	0.60

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

Chardon Local School District
Ratio of Net Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Calender Years

Year	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Chardon LSD Area Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2004	\$ -	\$ 571,220,300	20,219	0.00%	\$ -
2003	-	555,073,550	20,219	0.00	-
2002	-	505,733,460	20,219	0.00	-
2001	-	488,805,780	20,019	0.00	-
2000	-	469,088,880	19,252	0.00	-
1999	-	394,353,260	18,573	0.00	-
1998	-	372,981,690	18,573	0.00	-
1997	-	359,876,700	18,573	0.00	-
1996	-	323,603,780	18,573	0.00	-
1995	-	312,495,570	17,569	0.00	-

Source:

- (1) School District Financial Records
- (2) Geauga County, Ohio; County Auditor
- (3) Northern Ohio Data and Information Center (Includes Chardon Township, Hambden Township, Munson Township and City of Chardon).

Chardon Local School District
 Computation of Direct and Overlapping
 General Obligation Bonded Debt
 June 30, 2004

Jurisdiction	Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Overlapping:			
Geauga County	7,416,552	21.11%	1,565,634
Chardon Village	3,575,000	26.87%	960,603
Total Overlapping	10,991,552		2,526,237
Totals: \$	10,991,552		\$ 2,526,237

Source: Geauga County Auditor and Chardon Local School District

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

Chardon Local School District
 Computation of Legal Debt Margin
 June 30, 2004

Assessed Valuation	<u><u>\$571,220,300</u></u>
Debt Limit – 9% of Assessed Value (1)	51,409,827
Amount of Debt Applicable	<u>0</u>
Overall Debt Margin	<u><u>\$51,409,827</u></u>
Debt Limit – 0.10% of Assessed Value (1)	\$571,220
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$571,220</u></u>

Source: Geauga County Auditor and School District Financial Records

(1) Ohio Bond Law sets an overall limit of 9% for total debt and 1/10 of 1% for unvoted debt.

Chardon Local School District
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to General Fund Expenditures
Last Ten Fiscal Years

Year	General Obligation Principal	General Obligation Interest	General Obligation Debt Service	Total General Fund Operating Expenditures	Ratio of General Obligation Debt Service to General Fund Operating Expenditures
2004	\$0	\$0	\$0	\$25,205,375	0.00%
2003	0	0	0	23,735,807	0.00
2002	0	0	0	21,669,131	0.00
2001	0	0	0	20,871,477	0.00
2000	0	0	0	19,618,861	0.00
1999	0	0	0	18,500,396	0.00
1998	0	0	0	16,398,034	0.00
1997	0	0	0	16,820,237	0.00
1996	0	0	0	15,464,013	0.00
1995	0	0	0	14,697,782	0.00

Source: School District Financial Records

Chardon Local School District
Demographic Statistics
Last Ten Years

Year	Geauga County Population (1)	Chardon LSD Area Population (2)	School Enrollment (3)	Geauga County Unemployment Rate (4)
2004	90,895	20,219	3,273	3.9
2003	90,895	20,219	3,209	4.2
2002	90,895	20,219	3,124	4.3
2001	90,895	20,219	3,096	2.9
2000	87,913	19,252	3,046	2.8
1999	87,913	18,573	3,065	3.0
1998	86,054	18,573	3,037	3.5
1997	86,054	18,573	3,081	3.6
1996	84,260	18,573	3,001	3.8
1995	83,400	17,569	2,913	5.1
1994	83,241	17,569	2,863	5.8

Source:

- (1) Estimated Figure from U.S. Census Bureau
- (2) State of Ohio – Office of Strategic Research
- (3) School District Records
- (4) Ohio Bureau of Labor Market Information

Chardon Local School District
 Financial Institution Deposits, Property Value and Building Permits
 Last Ten Years

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposit Banks	Value of Permits Issued Geauga County	Value of Permits Issued City of Chardon	Value of Permits Issued Chardon Township	Value of Permits Issued Hambden Township	Value of Permits Issued Munson Township
2003	\$ 498,998,630	\$ 365,826,000	\$ 45,988,720	(2)	(2)	(2)	(2)
2002	451,161,920	286,335,000	57,419,620	9,787,059	5,199,193	11,417,206	32,570,998
2001	434,458,190	253,635,000	59,559,600	3,238,777	3,746,235	9,899,308	11,264,100
2000	416,470,710	222,518,000	47,423,930	7,228,590	6,016,722	10,605,590	9,355,117
1999	340,161,560	249,478,000	47,227,640	7,434,678	2,619,585	3,827,009	5,079,955
1998	321,778,320	254,641,000	47,503,140	5,914,001	8,424,575	7,876,660	14,403,845
1997	308,634,610	222,202,000	38,142,850	5,081,400	7,414,600	7,100,658	8,122,400
1996	273,589,130	212,641,000	41,162,110	4,712,500	6,744,040	4,880,200	147,292,000
1995	263,865,210	194,409,000	35,438,050	3,792,900	5,597,000	3,454,000	10,522,783
1994	255,424,350	188,020,000	28,009,880	5,682,438	6,592,697	2,415,025	5,681,300

Sources: Geauga County Auditor
 Federal Reserve Bank of Cleveland
 Building Department reports

- (1) Represents assessed value.
- (2) Information is not available.

Chardon Local School District
Principal Taxpayers
Real Property Tax
December 31, 2003

Taxpayer	Assessed Value (1)	Percentage of Total Real Property Tax Assessed Value
Maple Leaf Plaza, LLC.	\$ 2,495,610	0.48%
Structrural North America	2,436,250	0.47
The Four C's Partnership	2,368,040	0.46
City of Chardon	1,623,650	0.31
Heather Hill, Inc.	1,469,070	0.28
Center Six Corporation	1,281,680	0.25
Rhein Chemie Corp	1,154,690	0.22
DeBartolo Chardon, LLC	1,140,040	0.22
The Triax Company	1,078,350	0.21
Chardon Hill Apartments	997,500	0.19
	\$ 16,044,880	3.09%
Total Real Property Tax Assessed Valuation	\$ 518,061,990	

Sources: Geauga County Auditor

(1) Assessed values are for the 2004 collection year

Chardon Local School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2003

Taxpayer	Assessed Value(1)	Percentage of Total Tangible Personal Property Tax Assessed Value
Eltech System Corporation	\$ 3,309,660	9.62%
Essef Corporation	3,238,650	9.41
Bert Sand Corporation	2,644,200	7.69
Rhein Chemie Corporation	1,548,770	4.50
Unova Industrial Automated System, Inc.	1,435,960	4.17
Junction Auto Sales	1,236,060	3.59
Sunnyside Chevrolet	1,049,640	3.05
Chardon Rubber	1,047,000	3.04
Classic Ford/Mercury	731,390	2.13
Mikolsky, Inc	<u>671,830</u>	<u>1.96</u>
	\$ <u>16,913,160</u>	<u>49.16%</u>
Total Tangible Personal Property Tax Assessed Valuation	\$ <u><u>34,401,850</u></u>	

Sources: Geauga County Auditor

(1) Assessed values are for the 2004 collection year

Chardon Local School District
Principal Taxpayers
Public Utilities Tangible Property Tax
December 31, 2003

Taxpayer	Assessed Value(1)	Percentage of Total Public Utility Tangible Property Tax Assessed Value
Cleveland Electric Illuminating Company	\$ 9,735,300	51.90%
Western Reserve Telephone	4,581,330	24.43
American Transmission	1,227,660	6.55
East Ohio Gas	485,130	2.59
Alltel Ohio Ltd	136,820	0.73
Verizon Wirelss	134,690	0.71
	\$ 16,300,930	86.91%
Total Public Utility Tangible Property Tax Assessed Valuation	\$ 18,756,460	

Sources: Geauga County Auditor

(1) Assessed values are for the 2004 collection year

Chardon Local School District
Per Pupil Cost
Last Ten Fiscal Years

Year	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
2004	\$ 25,205,375	3,273	\$ 7,701
2003	23,735,807	3,209	7,397
2002	21,669,131	3,124	6,936
2001	20,871,477	3,096	6,741
2000	19,618,861	3,046	6,441
1999	18,500,396	3,065	6,036
1998	16,398,034	3,037	5,399
1997	16,820,237	3,081	5,459
1996	15,464,013	3,001	5,153
1995	14,697,782	2,913	5,046

Sources: School District Financial Records

Chardon Local School District
Teacher Education and Experience
June 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	26	12.56%
Bachelor + 18 hours	14	6.76%
Bachelor + 30 hours	21	10.14%
Master's Degree	81	39.14%
Master's + 18 Hours	22	10.63%
Master's + 30 Hours	36	17.39%
Master's + 45 Hours	3	1.45%
PHD's	4	1.93%
Total	<u>207</u>	<u>100.00%</u>

<u>Year of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	35	16.90%
6 - 10	47	22.71%
11 and Over	125	60.39%
Total	<u>207</u>	<u>100.00%</u>

Source: School District Personnel Records



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**CHARDON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2005**