

CHARDON LOCAL SCHOOL DISTRICT

Audit Report

For the Year Ended June 30, 2003

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



**Auditor of State
Betty Montgomery**

Board of Education
Chardon Local School District
Chardon, Ohio

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, 2002 through June 30, 2003. 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

March 8, 2004

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CHARDON LOCAL SCHOOL DISTRICT
Audit Report
For the Year Ended June 30, 2003

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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 accompanying financial statements of the Chardon Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated January 22, 2004, wherein we noted the District adopted Governmental Accounting Standards Board Statement Nos. 37, 38, 41 and GASB Interpretation 6. 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.
January 22, 2004

CHARDON LOCAL SCHOOL DISTRICT, OHIO
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2003

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Receipts	Expenditures
U.S. Department of Agriculture				
Pass through Ohio Department of Education				
Nutrition Cluster:				
Food Distribution - Commodities - See Note 2	10.550	n/a	\$ 75,047	\$ 75,047
National School Lunch Program	10.555	47183-04-PU-03	<u>84,647</u>	<u>84,647</u>
Total Nutrition Cluster			<u>159,694</u>	<u>159,694</u>
U.S. Department of Agriculture			159,694	159,694
U.S. Department of Education				
Pass through Ohio Department of Education				
Title I - Financial Assistance to Meet Special Educational Needs of Disadvantaged Children				
Title I - FY02	84.010	47183-C1-S1-02	-	29,920
Title I - FY03	84.010	47183-C1-S1-03	<u>155,691</u>	<u>143,589</u>
Total Title I			155,691	173,509
Title VI - B, Special Education - Assistance to States for Education of Handicapped Children				
Title VI - B - FY02	84.027	47183-6B-SF-02P	1,440	105,093
IDEA - B - FY03	84.027	47183-6B-SF-03P	<u>399,617</u>	<u>394,011</u>
Total Title VI - B			401,057	499,104
Education of Economic Security Act - Eisenhower Grant				
Eisenhower Grant - FY01	84.281	47183-MS-S1-01	-	491
Eisenhower Grant - FY02	84.281	47183-MS-S1-02	<u>-</u>	<u>6,303</u>
Total Eisenhower Grant			-	6,794
Drug - Free School Grant				
Drug - Free School Grant - FY02	84.186	47183-DR-S1-02	-	5,714
Title IV - SDFSC	84.186	47183-DR-S1-03	<u>9,065</u>	<u>7,457</u>
Total Drug - Free School Grant			9,065	13,171
Innovative Education Program Strategies				
Innovative Education Program Strategies - FY01	84.298	47183-C2-S1-01	-	1,553
Innovative Education Program Strategies - FY02	84.298	47183-C2-S1-02	-	6,008
Innovative Education Program Strategies - FY03	84.298	47183-C2-S1-03	<u>36,716</u>	<u>32,540</u>
Total Innovative Education Program Strategies			36,716	40,101
Reducing Class Size				
Reducing Class Size - FY02	84.340	47183-CR-S1-02	-	24
Improving Teacher Quality	84.340	47183-CR-S1-03	<u>90,637</u>	<u>90,636</u>
Total Reducing Class Size			90,637	90,660
School Renovation Grants				
School Renovation - FY03	84.352	47183-CR-S1-02	9,462	9,462
SchoolNet - FY03	84.352	47183-CR-S1-03	<u>25,885</u>	<u>9,426</u>
Total School Renovation Grant			<u>35,347</u>	<u>18,888</u>
Total U.S. Department of Education			<u>728,513</u>	<u>842,227</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 888,207</u>	<u>\$ 1,001,921</u>

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, 2003

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, 2003, the District had food commodities in inventory recorded in the Enterprise Fund.

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**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 Chardon Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated January 22, 2004 in which the District adopted Governmental Accounting Standards Board Statements 37, 38, 41 and GASB Interpretation 6. 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated January 22, 2004.

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

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated January 22, 2004.

This report is intended for the information and use of the audit committee, 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.
January 22, 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 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, 2003. 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, 2003.

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 the audit committee, 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.
January 22, 2004

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

**CHARDON LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
June 30, 2003**

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>	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, 2003

**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, 2003**

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
2002-001	Ohio Revised Code Section 5705.39 Appropriations exceed Estimated resources	Yes	Finding no longer valid



**CHARDON LOCAL
SCHOOL DISTRICT**

**Chardon, Ohio
Geauga County**

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

Chardon Local School District

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

Issued by:
Stephanie Swain, Treasurer
Treasurer's Office

Introductory Section

Chardon Local School District
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2003

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Chardon Local School District
 Comprehensive Annual Financial Report
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Chardon Local School District
Comprehensive Annual Financial Report
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Chardon Local School District

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

Administrative Offices



Pursuing Excellence

January 30, 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, 2003. 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 3,209 students in grade K-12, including special education services to 402 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 2001, the District's assessed valuation was \$505,733,460 and for calendar year 2002 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, 66.82 percent of the general fund revenue comes from real estate taxes on residential, commercial and industrial properties and tangible personal property taxpayers with 30.57 percent being received from various forms of State aid including reimbursement of homestead and rollback reductions on property taxes. Investment earnings are 0.34 percent and other revenues are 2.27 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 will be 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 and Business Education Curriculum
- 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 2004-2005.
- 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 Guidance Program and Science Course of Study.
- 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
- 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 second 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 2003. 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 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 \$286,727 at June 30, 2003 compared with net assets of \$40,142 at June 30, 2002, reflecting a net increase of \$246,585.

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 \$147,019 at June 30, 2003.

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, 2003 was \$95,700 of which \$84,422 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, 2003 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 2001-2003. 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 the Chardon Local School District a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2002. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

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

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

Acknowledgements

The publication of this report 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.

Special recognition is extended to Irma Bucaro, Executive Secretary for whose efforts, dedication and assistance has made this report possible.

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

Respectfully submitted,



Stephanie 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, 2002

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



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos".

Executive Director

Chardon Local School District

Principal Officials

June 30, 2003

Board of Education

Mr. Larry Reiter..... President
Mr. Robert Faehnle..... Vice-President
Mrs. Bonnie Clemson..... Member
Mrs. Betty Ferral..... Member
Mrs. Judith May..... Member

Treasurer

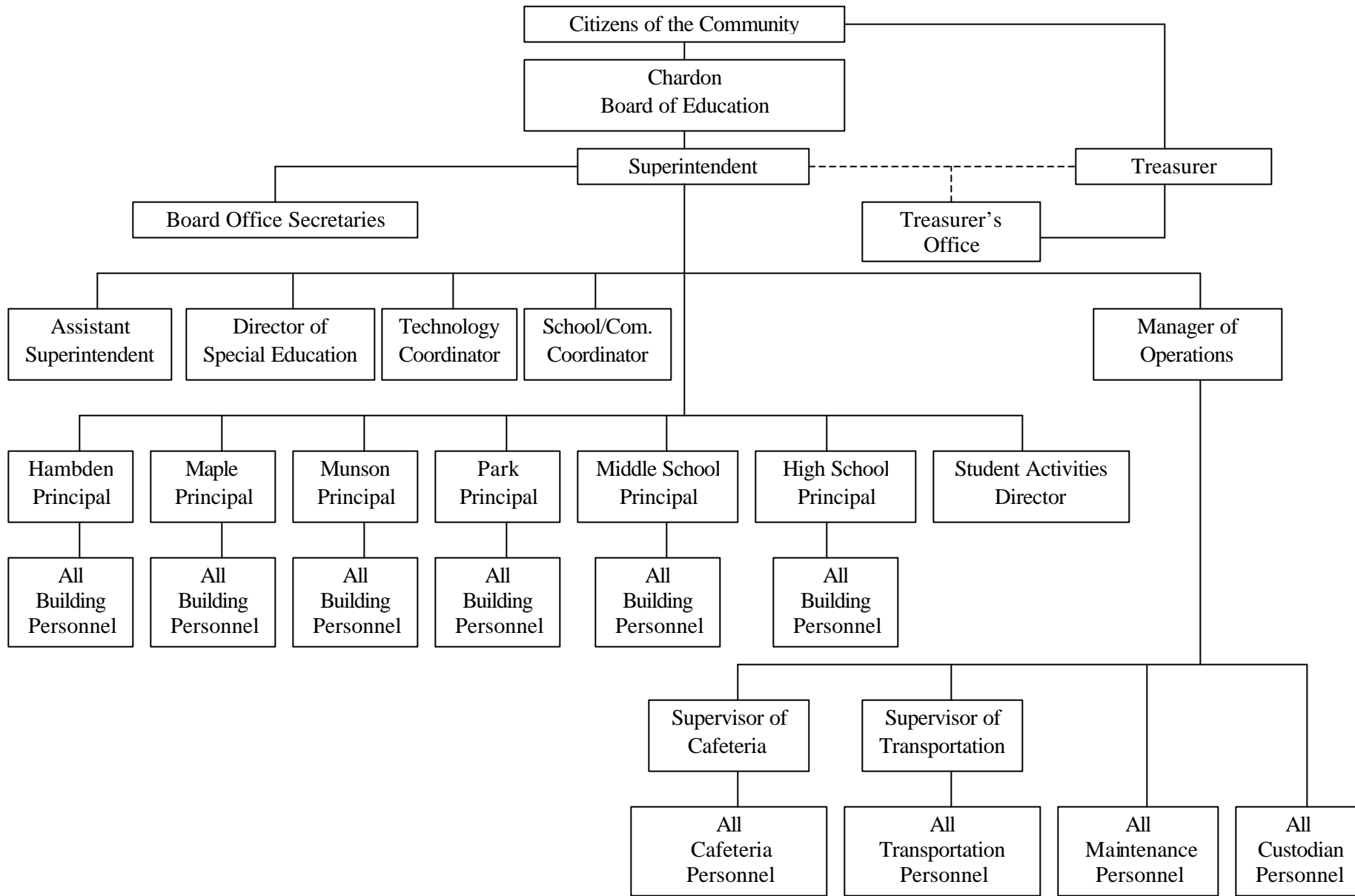
Mr. David Piskac, MBA, CPA
(Contract ended 1/15/04)

Ms. Stephanie Swain
(Contract begins 1/16/04)

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying basic 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, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic 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 basic 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, 2003, 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.

As described in Note 19 during the year ended June 30, 2003, the District implemented Governmental Accounting and Standards Board (GASB) Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," GASB Statement No. 38, "Certain Financial Statement Note Disclosures," GASB Statement No. 41 "Budgetary Comparison Schedules – Perspective Differences – an amendment of GASB No. 34," and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

Management's Discussion and Analysis on pages 3 through 16 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting and Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. 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 January 22, 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.

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

Charles E. Harris, Associate

Charles E. Harris & Associates, Inc.
January 22, 2004

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

The discussion and analysis of Chardon Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School 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 School District's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

Overall:

- For governmental activities, net assets increased \$0.67 million, which represents a 13 percent increase from 2002. Net assets of business-type related activities decreased \$55,905 or 47 percent from 2002.
- General revenues accounted for \$25 million in revenue or approximately 94 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1.69 million or 6 percent of total governmental revenues of \$26.7 million.
- The School District had \$26 million in expenses related to governmental activities; only \$1.69 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$25 million were adequate to provide for these programs.
- Among major funds, the general fund had \$24.9 million in revenues and \$23.7 million in expenditures. The general fund's fund balance increased to \$2.7 million from \$1.9 million. The School District is in the early cycle of a recently passed tax levy, which was a major contributing factor to the general fund increase.

Business-Type Activities:

- Program revenues slightly decreased from FY02 for Business Activities. Overall, program expenses increased by approximately 5.8% from FY02.

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

- Net assets for all enterprise funds decreased due to a reduction of operating transfers and increases in operating expenses. The District transferred only \$40,000 to food service operations. Total enterprise expenses were \$947,849 only \$842,564 of these expenses was offset by program specific charges for services, grants or contributions. Management increased pricing of food service items, but the increases were insufficient to meet expenses.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 17. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

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

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2003 compared to the prior year.

Table 1
Net Assets
(In Millions)

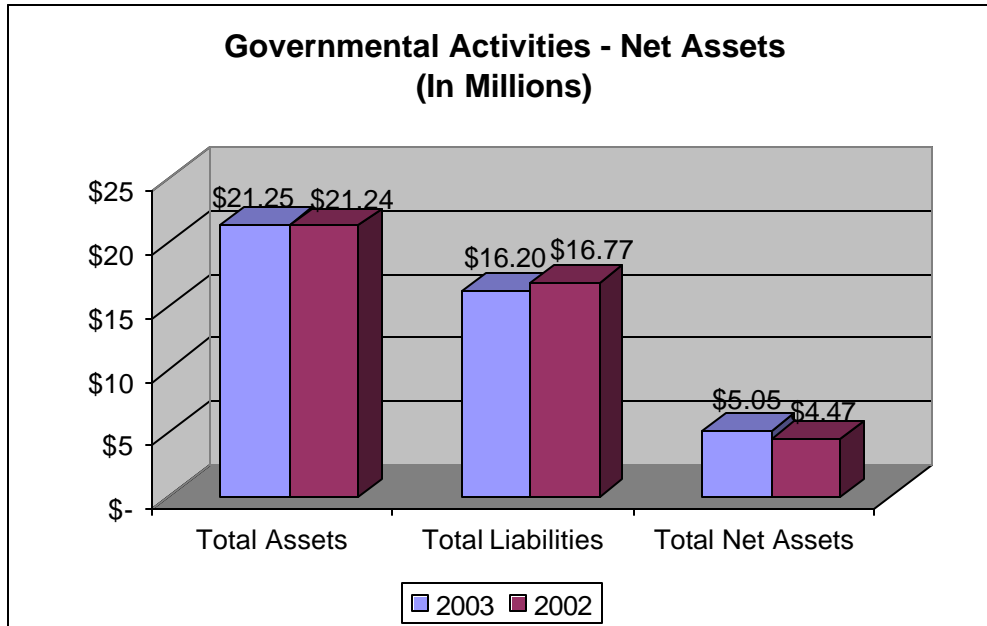
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets:						
Current and Other Assets	\$ 18.42	\$ 18.01	\$ 0.08	\$ 0.13	\$ 18.50	\$ 18.14
Capital Assets	2.83	3.23	0.02	0.03	2.85	3.26
<i>Total Assets</i>	<u>21.25</u>	<u>21.24</u>	<u>0.10</u>	<u>0.16</u>	<u>21.35</u>	<u>21.40</u>
Liabilities:						
Current Liabilities	14.92	15.39	0.02	0.02	14.94	15.41
Long-term Liabilities	1.28	1.38	0.02	0.02	1.30	1.40
<i>Total Liabilities</i>	<u>16.20</u>	<u>16.77</u>	<u>0.04</u>	<u>0.04</u>	<u>16.24</u>	<u>16.81</u>
Net Assets:						
Invested in Capital Assets	2.83	3.23	0.02	0.03	2.85	3.26
Restricted	0.11	0.29	-	-	0.11	0.29
Unrestricted	2.11	0.95	0.04	0.09	2.15	1.04
<i>Total Net Assets</i>	<u>\$ 5.05</u>	<u>\$ 4.47</u>	<u>\$ 0.06</u>	<u>\$ 0.12</u>	<u>\$ 5.11</u>	<u>\$ 4.59</u>

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

Governmental Activities

Graph 1
 Governmental Activities - Net Assets
 (In Millions)

	<i>Governmental Activities</i>	
	2003	2002
Total Assets	\$21.25	\$21.24
Total Liabilities	\$16.20	\$16.77
Total Net Assets	\$5.05	\$4.47



Taxes receivable totaled \$13.8 million; of this amount \$12.4 million is offset as deferred revenue, revenue to be used in future periods. Cash increased from \$2.2 million to \$2.8 million. Total liabilities for Governmental Activities decreased by approximately 3.3% from last year.

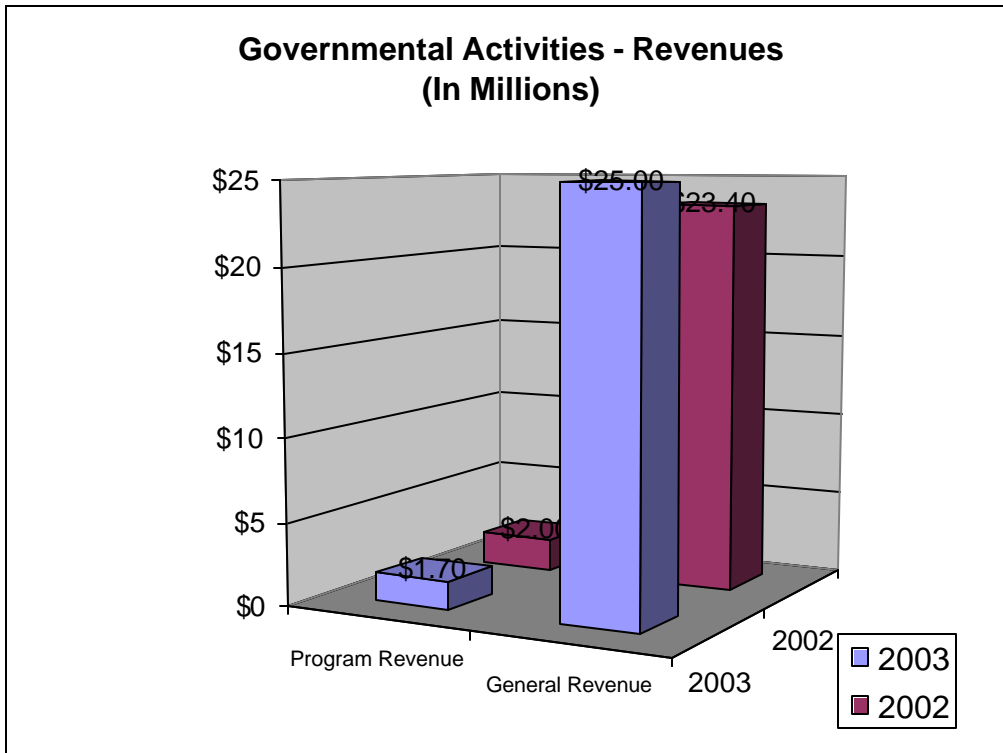
The net impact was an increase of net assets of \$0.67 million. The increase occurred in unrestricted net assets.

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

While program revenue decrease from Governmental Activities from \$2.0 million to \$1.7 million, the vast majority of revenue supporting Governmental Activities is general revenue. General revenue increased in 2003 from \$23.4 million in 2002 to \$25.0 million in 2003. General revenue comprised 94% of revenue supporting Governmental Activities. The primary source of increase was property taxes. Taxes comprised \$16.5 million of general revenue in 2003, compared to \$15.5 million in 2002.

Graph 2.
 Revenue for Governmental Activities
 (In Millions)

	<u>2003</u>	<u>2002</u>
Program Revenue	\$ 1.7	\$ 2.0
General Revenue	\$25.0	\$23.4

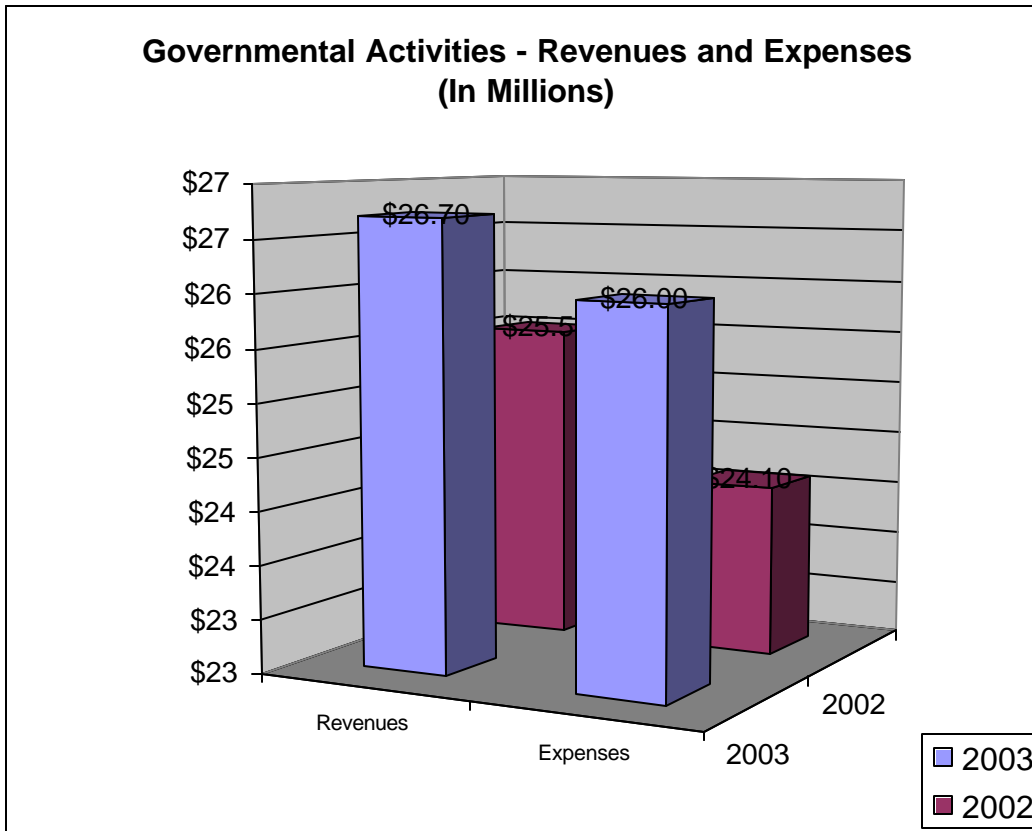


Chardon Local School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2003
Unaudited

Program expenses increased from \$24.1 million in 2002 to \$26.0 million in 2003.

Graph 2.
 Revenue and Expenses for Governmental Activities
 (In Millions)

	<u>2003</u>	<u>2002</u>
Revenue	\$26.7	\$25.5
Expenses	\$26.0	\$24.1



Much of the increase was in instruction, supporting services such as pupils, instructional staff and pupil transportation. Increased staff salaries and benefit costs, severance payments, instructional material accounts as well as transportation costs account for much of the increase. Instructional costs increased \$1.5 million and transportation costs increased \$0.37 million. When combined with pupils and instructional staff support, these categories make up 64 percent of the expenses.

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

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 62 percent of revenue for governmental activities for Chardon Local School District in fiscal year 2003, a slight increase from prior years.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 2 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 2
Total and Cost of Program Services
Governmental Activities
(in millions)

	2003		2002	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$14.1	\$13.7	\$12.9	\$12.4
Support Services				
Pupil and Instruction Staff	2.5	2.3	2.2	2.1
Board of Education, Administration, Fiscal and Business	3.1	3.1	3.0	3.0
Operation and Maintenance of Plant	2.4	2.4	2.5	2.4
Pupil Transportation	2.1	2.1	1.7	1.6
Central	0.2	0.2	0.2	0.2
Operation of Non-Instructional Services	1.0	0.1	0.9	0.01
Extracurricular Activities	0.6	0.4	0.6	0.30
Interest and Fiscal Charges	0.0	0.0	0.01	0.01
Total Expenses	\$26.0	\$24.3	\$24.1	\$22.02

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

The dependence upon general tax revenues for governmental activities is apparent. Over 89.8 percent of instruction activities are supported through taxes and other general revenues; for all governmental activities general revenue support is 93.5 percent as shown in the above table. The community, as a whole, is by far the primary support for Chardon Local School District students.

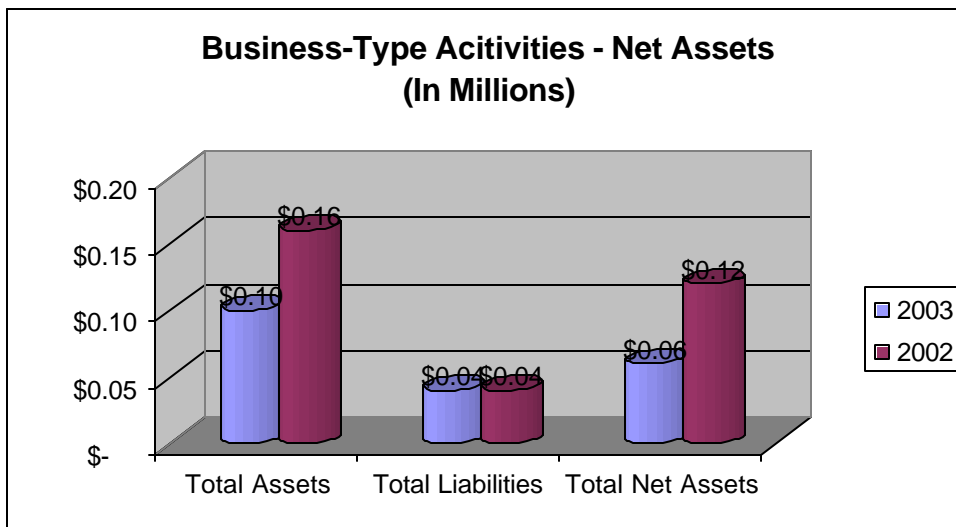
Business-Type Activities

Business-type activities include food service, uniform school supply, summer school and adult/community education.

Overall net assets decreased from \$0.12 million to \$0.06 million. The decline of net assets was mainly due to the rise of operating costs and fewer subsidies from the general fund to food service fund.

Graph 3.
 Business-Type Activities - Net Assets
 (In Millions)

<i>Business-Type Activities</i>	2003	2002
Total Assets	\$0.10	\$0.16
Total Liabilities	\$0.04	\$0.04
Total Net Assets	\$0.06	\$0.12



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

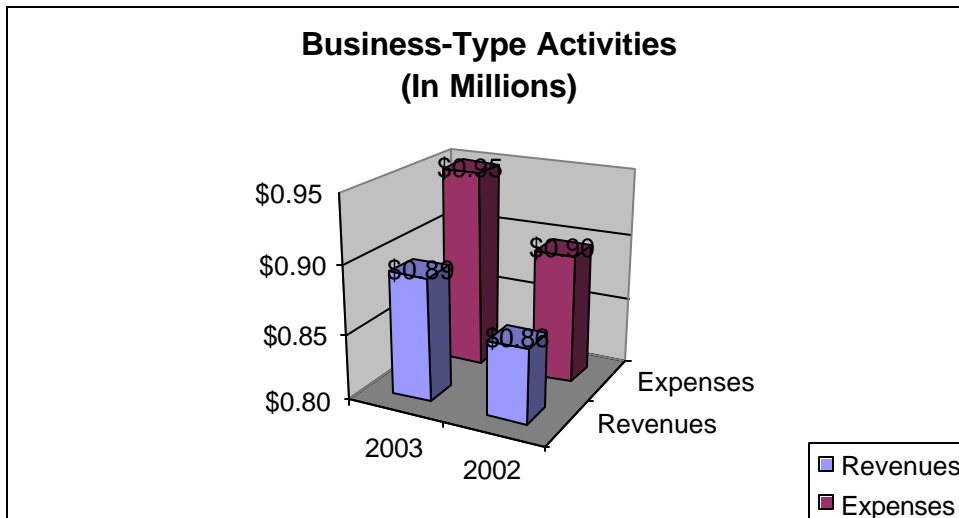
Overall Net (Expense) Revenue for business-type activities ended on a \$55,905 negative balance. Food service operations experienced a \$37,961 negative operating balance for fiscal year 2003. Management anticipates food service deficits to continue in future fiscal years even though food prices were increased to offset future operating losses. Food service was supplemented \$40,000 by the general fund in fiscal year 2003 and management anticipates future general fund support to food service operations. Table 3 provides a revenue and expense summary for the School District's business-type activities.

Table 3
 Revenue and Expense for Business-Type Activities

	Food Services		Uniform & Supplies		Summer School		Adult Education	
	2003	2002	2003	2002	2003	2002	2003	2002
Revenues	\$814,821	\$751,108	\$30,818	\$29,314	\$26,395	\$41,104	\$19,910	\$34,299
Expenses	852,782	817,590	32,209	30,495	35,992	32,796	26,866	15,644
Net	(37,961)	(66,482)	(1,391)	(1,181)	(9,597)	8,308	(6,956)	18,655

Graph 4.
 Revenues and Expenses for Business-Type Activities
 (In Millions)

	2003	2002
Program Revenues	\$0.89	\$0.86
Program Expenses	\$0.95	\$0.90



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

The School District's Funds

Information about the School District's major funds starts on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$26.8 million and expenditures of \$25.8 million. The net change in fund balance for the year was most significant in the General Fund, where the General Fund net assets increased by \$0.84 million for fiscal year 2003.

General Fund Budgeting Highlights

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

During the course of fiscal year 2003 the School District amended its General Fund budget numerous times. The School 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 \$24.4 million, over the original budget estimate of \$23.3 million. Of this \$1.1 million difference, personal property tax revenue was approximately \$.3 million and intergovernmental revenue was approximately \$.7 million over original estimates. These two revenue line items fluctuate year to year and are budgeted on a conservative basis to avoid revenue overestimations.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$23.8 million, \$0.6 million below revenues.

Capital Assets and Debt Administration

At the end of fiscal year 2003, the School District had \$2.86 million (net) invested in land, buildings, equipment and vehicles, \$2.83 million (net) in governmental activities. Effective July 1, 2002, the district raised the depreciable threshold of fixed from \$500 to \$1,500. The data in Table 4 reflects the increase in the fixed asset threshold.

Table 4 shows fiscal 2003 gross fixed asset balances for governmental type activities and business-type activities (net of depreciation) compared to the prior fiscal year.

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

Table 4
Capital Assets at June 30, 2003
(Net of Accumulated Depreciation)

	<u>Governmental Type Activities</u>		<u>Business-Type Activities</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Land and Improvements	\$687,308	\$691,174	\$0	\$0
Buildings	956,791	1,067,306	0	0
Furniture and Equipment	401,956	446,423	\$24,611	\$27,916
Vehicles	<u>788,872</u>	<u>724,027</u>	<u>0</u>	<u>0</u>
Totals	<u>\$2,834,927</u>	<u>\$2,928,930</u>	<u>\$24,611</u>	<u>\$27,916</u>

The decrease in capital assets is due to recognizing the increase in the depreciable cost basis from \$500 to \$1,500. In addition, the School District recognized \$523,035 in depreciation expense for 2003, offset by \$346,022 in acquisitions. These acquisitions were distributed among furniture and equipment and vehicles. The District also retired \$105,559 of fully depreciated assets. The District continued its ongoing commitment to maintaining and improving its fixed assets.

For fiscal year 1999, a change in Ohio law required school districts to set aside two percent of certain revenues for capital improvements and an additional two-percent for textbooks; this amount was increased to three percent beginning in fiscal year 2000. For fiscal year 2003, this amounted to \$371,455 for each set aside. For fiscal year 2003, the School District had qualifying disbursements or offsets exceeding these requirements for textbooks and capital improvements. During fiscal year 2003, the School District maintained a \$568,753 Budgetary Stabilization Fund.

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 School District heavily depends on its property taxpayers. With the passage of a 4.78 mill operating levy and collection beginning January 2002 the School District has been able to continue its education programs. However, financially the future is not without challenges.

Chardon Local School District
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While the School 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 School 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, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. 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 has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1999. The School 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 second report using this new financial reporting model.

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

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

Contacting the School District's Financial Management

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

Chardon Local School District
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,325,511	\$ 66,223	\$ 4,391,734
Cash and Cash Equivalents in Segregated Accounts	53,949	-	53,949
Receivables:			
Taxes	13,788,437	-	13,788,437
Accounts	8,645	1,857	10,502
Intergovernmental	138,008	-	138,008
Inventory Held for Resale	-	7,632	7,632
Materials and Supplies Inventory	108,331	2,168	110,499
Nondepreciable Capital Assets	609,612	-	609,612
Depreciable Capital Assets, Net	2,225,315	24,611	2,249,926
<i>Total Assets</i>	21,257,808	102,491	21,360,299
Liabilities			
Accounts Payable	142,692	-	142,692
Accrued Wages and Benefits	1,682,691	1,699	1,684,390
Compensated Absences Payable	95,580	-	95,580
Intergovernmental Payable	61,388	1,089	62,477
Pension Obligation Payable	552,030	8,010	560,040
Deferred Revenue	12,159,598	5,840	12,165,438
Claims Payable	228,875	-	228,875
Long-Term Liabilities:			
Due Within One Year	57,680	-	57,680
Due Within More Than One Year	1,222,315	19,178	1,241,493
<i>Total Liabilities</i>	16,202,849	35,816	16,238,665
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,834,927	24,611	2,859,538
Restricted for:			
Capital Projects	34,022	-	34,022
Other Purposes	75,206	-	75,206
Unrestricted (Deficit)	2,110,804	42,064	2,152,868
<i>Total Net Assets</i>	\$ 5,054,959	\$ 66,675	\$ 5,121,634

See accompanying notes to the basic financial statements

Chardon Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$ 11,276,214	\$ 135,069	\$ 96,101	\$ -
Special	2,419,958	-	174,241	-
Vocational	259,367	-	-	-
Other	152,132	-	-	-
Support Services:				
Pupils	1,475,300	132,821	6,935	21,000
Instructional Staff	1,067,277	-	-	48,022
Board of Education	34,747	-	-	-
Administration	2,079,458	-	-	-
Fiscal	662,530	-	-	-
Business	345,242	-	-	-
Operation and Maintenance of Plant	2,425,376	-	-	-
Pupil Transportation	2,058,271	9,395	-	-
Central	179,906	-	11,866	-
Operation of Non-Instructional Services	952,175	-	844,365	-
Extracurricular Activities	647,373	205,931	-	-
<i>Total Governmental Activities</i>	<u>26,035,326</u>	<u>483,216</u>	<u>1,133,508</u>	<u>69,022</u>
Business-Type Activities				
Food Service	852,782	593,858	171,583	-
Uniform School Supplies	32,209	30,818	-	-
Summer School	35,992	26,375	20	-
Adult Education	26,866	19,910	-	-
<i>Total Business-Type Activities</i>	<u>947,849</u>	<u>670,961</u>	<u>171,603</u>	<u>-</u>
Totals	<u>\$ 26,983,175</u>	<u>\$ 1,154,177</u>	<u>\$ 1,305,111</u>	<u>\$ 69,022</u>

General Revenues

Property Taxes Levied for:

General Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues

Changes in Net Assets

Net Assets Beginning of Year - As Restated (See Note 19)

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
\$ (11,045,044)	\$ -	\$ (11,045,044)
(2,245,717)	-	(2,245,717)
(259,367)	-	(259,367)
(152,132)	-	(152,132)
(1,314,544)	-	(1,314,544)
(1,019,255)	-	(1,019,255)
(34,747)	-	(34,747)
(2,079,458)	-	(2,079,458)
(662,530)	-	(662,530)
(345,242)	-	(345,242)
(2,425,376)	-	(2,425,376)
(2,048,876)	-	(2,048,876)
(168,040)	-	(168,040)
(107,810)	-	(107,810)
(441,442)	-	(441,442)
<u>(24,349,580)</u>	<u>-</u>	<u>(24,349,580)</u>
-	(87,341)	(87,341)
-	(1,391)	(1,391)
-	(9,597)	(9,597)
-	(6,956)	(6,956)
<u>-</u>	<u>(105,285)</u>	<u>(105,285)</u>
<u>\$ (24,349,580)</u>	<u>\$ (105,285)</u>	<u>\$ (24,454,865)</u>
\$ 16,544,623	\$ -	\$ 16,544,623
8,034,861	-	8,034,861
92,328	1,308	93,636
387,694	8,072	395,766
(39,812)	40,000	188
<u>25,019,694</u>	<u>49,380</u>	<u>25,069,074</u>
670,114	(55,905)	614,209
<u>4,384,845</u>	<u>122,580</u>	<u>4,507,425</u>
<u>\$ 5,054,959</u>	<u>\$ 66,675</u>	<u>\$ 5,121,634</u>

Chardon Local School District
Balance Sheet
Governmental Funds
June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,855,405	\$ 440,648	\$ 3,296,053
Receivables:			
Taxes	13,788,437	-	13,788,437
Accounts	7,330	367	7,697
Intergovernmental	-	138,008	138,008
Interfund Receivable	107,473	-	107,473
Materials and Supplies Inventory	108,331	-	108,331
Restricted Assets:			
Cash and Cash Equivalents	568,753	-	568,753
<i>Total Assets</i>	17,435,729	579,023	18,014,752
Liabilities			
Accounts Payable	108,907	33,785	142,692
Accrued Wages and Benefits	1,673,265	9,426	1,682,691
Compensated Absences Payable	95,580	-	95,580
Pension Obligation Payable	366,995	411	367,406
Interfund Payable	-	107,473	107,473
Intergovernmental Payable	60,856	532	61,388
Deferred Revenue	12,394,062	29,236	12,423,298
<i>Total Liabilities</i>	14,699,665	180,863	14,880,528
Fund Balances			
Reserved for:			
Encumbrances	386,520	167,845	554,365
Property Taxes	1,394,375	-	1,394,375
Budget Stabilization	422,342	-	422,342
Unreserved:			
Designated:			
Board Designated for Budget Stabilization Allocation	146,411	-	146,411
Undesignated, Reported in:			
General Fund	386,416	-	386,416
Special Revenue Funds	-	196,293	196,293
Capital Projects Fund	-	34,022	34,022
<i>Total Fund Balances</i>	2,736,064	398,160	3,134,224
<i>Total Liabilities and Fund Balances</i>	\$ 17,435,729	\$ 579,023	\$ 18,014,752

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, 2003*

Total Governmental Fund Balances		\$ 3,134,224
 <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.		2,834,927
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	234,464	
Intergovernmental	29,236	
Total		263,700
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.		286,727
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	(1,279,995)	
Pension Obligation	(184,624)	
Total		(1,464,619)
<i>Net Assets of Governmental Activities</i>		\$ 5,054,959

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, 2003

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 16,640,931	\$ -	\$ 16,640,931
Intergovernmental	7,614,232	1,593,923	9,208,155
Interest	84,422	4,323	88,745
Tuition and Fees	135,069	-	135,069
Extracurricular Activities	35,359	215,006	250,365
Transportation Fees	9,395	-	9,395
In Lieu of Taxes	8,038	-	8,038
Classroom Materials and Fees	125,774	7,047	132,821
Miscellaneous	252,600	82,622	335,222
<i>Total Revenues</i>	<u>24,905,820</u>	<u>1,902,921</u>	<u>26,808,741</u>
Expenditures			
Current:			
Instruction:			
Regular	10,961,785	132,473	11,094,258
Special	2,211,004	211,085	2,422,089
Vocational	252,416	-	252,416
Adult/Continuing	152,132	-	152,132
Support Services:			
Pupils	1,038,277	423,422	1,461,699
Instructional Staff	871,900	153,716	1,025,616
Board of Education	34,559	-	34,559
Administration	2,078,100	-	2,078,100
Fiscal	663,506	-	663,506
Business	346,152	-	346,152
Operation and Maintenance of Plant	2,214,997	892	2,215,889
Pupil Transportation	2,064,765	55,038	2,119,803
Central	153,893	10,795	164,688
Operation of Non-Instructional Services	47,723	899,017	946,740
Extracurricular Activities	355,723	217,751	573,474
Capital Outlay	288,875	-	288,875
<i>Total Expenditures</i>	<u>23,735,807</u>	<u>2,104,189</u>	<u>25,839,996</u>
<i>Excess of Revenue Over/(Under) Expenditures</i>	<u>1,170,013</u>	<u>(201,268)</u>	<u>968,745</u>
Other Financing Sources (Uses)			
Transfer In	1,868	35,621	37,489
Transfer Out	(327,100)	(10,201)	(337,301)
<i>Total Other Financing Sources (Uses)</i>	<u>(325,232)</u>	<u>25,420</u>	<u>(299,812)</u>
<i>Net Change in Fund Balances</i>	844,781	(175,848)	668,933
<i>Fund Balances Beginning of Year, as Restated (See Note 19)</i>	<u>1,891,283</u>	<u>574,008</u>	<u>2,465,291</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,736,064</u>	<u>\$ 398,160</u>	<u>\$ 3,134,224</u>

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, 2003

Net Change in Fund Balances - Total Governmental Funds \$ 668,933

***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	346,022	
Current Year Depreciation	(440,025)	

Total (94,003)

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

Taxes	(96,308)	
Intergovernmental	29,236	

Total (67,072)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

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	22,168	
Compensated Absences Payable	(106,497)	

Total (84,329)

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.

246,585

Change in Net Assets of Governmental Activities **\$ 670,114**

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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<u>Revenue:</u>				
Taxes	\$ 15,421,900	\$ 16,139,094	\$ 16,131,056	\$ (8,038)
Intergovernmental	7,455,635	7,797,950	7,614,232	(183,718)
Interest	112,000	116,691	84,422	(32,269)
Tuition	-	-	135,069	135,069
Extracurricular Activities	28,657	35,175	35,359	184
Transportation Fees	31,500	32,819	9,395	(23,424)
Lieu of Taxes	6,400	6,668	8,038	1,370
Classroom Materials and Fees	113,338	126,430	125,774	(656)
Miscellaneous	178,825	181,105	246,175	65,070
Total Revenues	23,348,255	24,435,932	24,389,520	(46,412)
<u>Expenditures:</u>				
Instruction:				
Regular	10,918,874	11,187,110	10,942,944	244,166
Special	2,517,044	2,374,113	2,320,176	53,937
Vocational	248,693	249,409	248,126	1,283
Other	270,000	165,000	152,132	12,868
Support Services:				
Pupils	1,019,987	1,098,960	1,044,665	54,295
Instructional Support	887,085	925,811	880,978	44,833
Board of Education	38,279	39,531	34,642	4,889
Administration	2,110,585	2,175,498	2,088,914	86,584
Fiscal	902,550	682,827	668,983	13,844
Business	343,887	337,538	330,830	6,708
Operation and Maintenance of Plant	2,392,759	2,435,629	2,242,861	192,768
Pupil Transportation	2,257,564	2,149,398	2,073,982	75,416
Central	167,071	164,511	149,157	15,354
Operation of Non-Instructional Services	49,890	49,540	48,116	1,424
Extracurricular Activities	366,544	372,374	356,459	15,915
Capital Outlay	313,838	293,847	289,847	4,000
Total Expenditures	24,804,650	24,701,096	23,872,812	828,284
Excess of Revenues Over/ (Under) Expenditures	(1,456,395)	(265,164)	516,708	781,872
<u>Other Financing Sources/(Uses):</u>				
Proceeds from Sale of Capital Assets	-	5,209	5,734	525
Refund of Prior Year Expenditures	1,000	1,042	40,756	39,714
Contingencies	(11,000)	(11,000)	-	11,000
Advance In	68,000	68,000	68,000	-
Advance Out	(68,000)	(175,473)	(175,473)	-
Transfer In	1,607	1,607	1,868	261
Transfer Out	(327,100)	(327,100)	(327,100)	-
Total Other Financing Sources/(Uses)	(335,493)	(437,715)	(386,215)	51,500
Net Change in Fund Balance	(1,791,888)	(702,879)	130,493	833,372
Fund Balance/(Deficit) at the Beginning of Year	2,097,959	2,097,959	2,097,959	-
Prior year encumbrances appropriated	700,580	700,580	700,580	-
Fund Balance/(Deficit) at the End of Year	\$ 1,006,651	\$ 2,095,660	\$ 2,929,032	\$ 833,372

See accompanying notes to the basic financial statements

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Chardon Local School District
Statement of Fund Assets
Proprietary Funds
June 30, 2003

	Business-Type Activities -		
	Food Service	Uniform School Supplies	Summer School
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 6,767	\$ 7,806	\$ 39,298
Cash and Cash Equivalents:			
In Segregated Accounts	-	-	-
Receivables:			
Accounts	1,547	-	310
Inventory Held For Resale	7,632	-	-
Materials and Supplies Inventory	2,168	-	-
<i>Total Current Assets</i>	18,114	7,806	39,608
Capital Assets, Net	24,611	-	-
<i>Total Assets</i>	42,725	7,806	39,608
Liabilities			
Accrued Wages	1,699	-	-
Intergovernmental Payable	1,012	-	77
Deferred Revenue	5,840	-	-
Pension Obligation Payable	4,129	-	3,881
Claims Payable	-	-	-
<i>Total Current Liabilities</i>	12,680	-	3,958
Long-Term Liabilities:			
Compensated Absences Payable	19,178	-	-
<i>Total Liabilities</i>	31,858	-	3,958
Net Assets			
Invested in Capital Assets	24,611	-	-
Unrestricted	(13,744)	7,806	35,650
<i>Total Net Assets (Deficit)</i>	\$ 10,867	\$ 7,806	\$ 35,650

See accompanying notes to the basic financial statements

<u>Enterprise Funds</u>			Governmental Activities - Internal Service Fund
<u>Adult Education</u>	<u>Total</u>		
\$ 12,352	\$ 66,223	\$	460,705
-	-		53,949
-	1,857		948
-	7,632		-
-	2,168		-
12,352	77,880		515,602
-	24,611		-
12,352	102,491		515,602
-	1,699		-
-	1,089		-
-	5,840		-
-	8,010		-
-	-		228,875
-	16,638		228,875
-	19,178		-
-	35,816		228,875
-	24,611		-
12,352	42,064		286,727
<u>\$ 12,352</u>	<u>\$ 66,675</u>	<u>\$</u>	<u>286,727</u>

Chardon Local School District
*Statement of Revenues,
Expenses, and Changes in Fund Net Assets*
Proprietary Funds
For the Year Ended June 30, 2003

	Business-Type Activities -		
	Food Service	Uniform School Supplies	Summer School
Operating Revenues			
Tuition	\$ -	\$ -	\$ 26,375
Charges for Services	-	-	-
Food Services	593,858	-	-
Classroom Materials and Fees	-	30,818	-
<i>Total Operating Revenues</i>	593,858	30,818	26,375
Operating Expenses			
Salaries	342,690	-	25,147
Fringe Benefits	93,675	-	4,490
Purchased Services	2,005	-	5,295
Materials and Supplies	113,361	32,209	1,060
Cost of Sales	297,746	-	-
Depreciation	3,305	-	-
Claims	-	-	-
Other	-	-	-
<i>Total Operating Expenses</i>	852,782	32,209	35,992
<i>Operating Income (Loss)</i>	(258,924)	(1,391)	(9,617)
Non-Operating Revenues (Expenses)			
Federal Donated Commodities	75,047	-	-
Intergovernmental	96,536	-	20
Interest	1,308	-	-
Other Non-operating Revenues	8,072	-	-
Transfers In	40,000	-	-
<i>Total Non-Operating Revenues</i>	220,963	-	20
<i>Change in Net Assets</i>	(37,961)	(1,391)	(9,597)
<i>Net Assets (Deficit)</i>			
<i>Beginning of Year, Restated (See Note 19)</i>	48,828	9,197	45,247
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 10,867</u>	<u>\$ 7,806</u>	<u>\$ 35,650</u>

See accompanying notes to the basic financial statements

<u>Enterprise Fund</u>			Governmental Activities - Internal Service Fund
Adult Education	Total		
\$ 19,910	\$ 46,285	\$ -	-
-	-	2,367,789	-
-	593,858	-	-
-	30,818	-	-
19,910	670,961	2,367,789	
12,381	380,218	-	
1,913	100,078	-	
12,387	19,687	405,549	
24	146,654	-	
-	297,746	-	
-	3,305	-	
-	-	1,979,238	
161	161	-	
26,866	947,849	2,384,787	
(6,956)	(276,888)	(16,998)	
-	75,047	-	
-	96,556	-	
-	1,308	3,583	
-	8,072	-	
-	40,000	260,000	
-	220,983	263,583	
(6,956)	(55,905)	246,585	
19,308	122,580	40,142	
<u>\$ 12,352</u>	<u>\$ 66,675</u>	<u>\$ 286,727</u>	

Chardon Local School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2003

	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	\$ 593,858	\$ 30,818	\$ 26,185	\$ 19,910	\$ 670,771	\$ 2,368,137
Other Cash Receipts	8,288	-	-	-	8,288	-
Cash Payments to Employees for Services	(324,555)	-	(25,188)	(12,381)	(362,124)	-
Cash Payments for Employees Benefit	(114,399)	-	(4,212)	(1,913)	(120,524)	-
Cash Payments for Goods and Services	(339,655)	(32,209)	(6,355)	(12,411)	(390,630)	(405,549)
Cash Payments for Claims	-	-	-	-	-	(2,035,054)
Other Cash Payments	-	-	-	(161)	(161)	-
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>(176,463)</u>	<u>(1,391)</u>	<u>(9,570)</u>	<u>(6,956)</u>	<u>(194,380)</u>	<u>(72,466)</u>
Cash Flows from Noncapital Financing Activities						
Grants Received	110,505	-	20	-	110,525	-
Transfer In	40,000	-	-	-	40,000	260,000
<i>Net Cash Provided by (Use by) Noncapital Financing Activities</i>	<u>150,505</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>150,525</u>	<u>260,000</u>
Cash Flows from Investing Activities						
Interest on Investment	1,308	-	-	-	1,308	3,583
<i>Net Cash Provided by (Used by) Investing Activities</i>	<u>1,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308</u>	<u>3,583</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(24,650)	(1,391)	(9,550)	(6,956)	(42,547)	191,117
<i>Cash and Cash Equivalents Beginning of Year</i>	31,417	9,197	48,848	19,308	108,770	323,537
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 6,767</u>	<u>\$ 7,806</u>	<u>\$ 39,298</u>	<u>\$ 12,352</u>	<u>\$ 66,223</u>	<u>\$ 514,654</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities						
<i>Operating Income (Loss)</i>	\$ (258,924)	\$ (1,391)	\$ (9,617)	\$ (6,956)	\$ (276,888)	\$ (16,998)
Adjustments:						
Depreciation	3,305	-	-	-	3,305	-
Other Non-Operating Revenues	8,288	-	-	-	8,288	-
Donated Commodities	75,047	-	-	-	75,047	-
(Increase) Decrease in Assets:						
Accounts Receivable	-	-	(190)	-	(190)	348
Inventory Held for Resale	2,281	-	-	-	2,281	-
Materials and Supplies Inventory	(1,429)	-	-	-	(1,429)	-
Increase (Decrease) in Liabilities:						
Accrued Wages	(633)	-	-	-	(633)	-
Compensated Absences Payable	(2,138)	-	-	-	(2,138)	-
Pension Obligation Payable	(395)	-	201	-	(194)	-
Intergovernmental Payable	577	-	36	-	613	-
Deferred Revenue	(2,442)	-	-	-	(2,442)	-
Claims Payable	-	-	-	-	-	(55,816)
<i>Total Adjustments</i>	<u>82,461</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>82,508</u>	<u>(55,468)</u>
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>\$ (176,463)</u>	<u>\$ (1,391)</u>	<u>\$ (9,570)</u>	<u>\$ (6,956)</u>	<u>\$ (194,380)</u>	<u>\$ (72,466)</u>

See accompanying notes to the basic financial statements

Chardon Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private-Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 147,019	\$ 71,457
<i>Total Assets</i>	147,019	71,457
Liabilities		
Accounts Payable	-	2,814
Due to Students	-	68,643
<i>Total Liabilities</i>	-	\$ 71,457
Net Assets		
Held in Trust for Scholarships	147,019	
<i>Total Net Assets</i>	\$ 147,019	

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, 2003

	Private Purpose Trust
	Scholarship
Addition	
Interest	\$ 2,064
Other Operating Revenues	3,218
	5,282
Deduction	
	1,125
<i>Change in Net Assets</i>	4,157
<i>Net Assets Beginning of Year</i>	142,862
<i>Net Assets End of Year</i>	\$ 147,019

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, 2003

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, 2003

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 before 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 major enterprise funds are:

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

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, 2003

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 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 fund also use the accrual basis of accounting.

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

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, 2003, but which were levied to finance fiscal year 2004 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, 2003

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 2003.

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, 2003

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 2003, 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, 2003.

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 2003 amounted to \$84,422.

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, 2003

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, 2003, 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 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 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, 2003

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, 2003

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, 2003

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 2003.

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 cost occurred 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, 2003

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	\$130,493
Net Adjustment for Revenue Accruals	180,440
Net Adjustment for Expenditure Accruals	1,028,869
Adjustment for Encumbrances	<u>(495,021)</u>
GAAP Basis	<u><u>\$844,781</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
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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, 2003

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 \$66,602 and the bank balance was \$355,302. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$255,302 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 2003, 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>\$4,597,357</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, 2003

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$4,664,159	\$0
Cash on Hand	(200)	0
Investments which are part of the Cash Management Pool: STAROhio	(4,597,357)	4,597,357
GASB Statement 3	\$66,602	\$4,597,357

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 2003 for real and public utility property taxes represents collections of calendar 2002 taxes. Property tax payments received during calendar 2003 for tangible personal property (other than public utility property) is for calendar 2003 taxes.

2003 real property taxes are levied after April 1, 2003, on the assessed value listed as of January 1, 2003, 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. 2003 public utility property taxes became a lien December 31, 2002, are levied after April 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2003 on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are twenty-five percent of true value.

	2002 Second Half Collections		2003 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$451,161,920	89.21%	\$498,998,630	89.21%
Public Utility	19,116,360	3.78	19,450,910	3.78
Tangible Personal Property	35,455,180	7.01	36,624,010	7.01
Total Assessed Value	\$505,733,460	100.00%	\$555,073,550	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, 2003

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, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the 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, 2003, was \$1,394,375. The entire amount was available to the general fund.

Note 6 – Receivables

Receivables at June 30, 2003, consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), and intergovernmental grants. All receivables are considered collectible in full.

Intergovernmental receivables consisted of the following for grants.

Fund	Amounts
Title IV-B	\$74,615
Title I	18,550
Title VI	16,840
Drug Free School Grant	2,234
Class Size Reduction	25,769
Total	\$138,008

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

Note 7 – Capital Assets

In fiscal year 2003, the School District raised the capitalization threshold from five hundred dollars to one thousand and five hundred dollars. In addition, the School District performed a physical inventory count on the capital assets and discovered understatement on the capital assets. The capital assets after the two changes above, was as follows.

	<u>Balance</u> <u>6/30/2002</u>	<u>Prior</u> <u>Period</u> <u>Adjustment</u>	<u>\$1,500</u> <u>Threshold</u> <u>Adjustment</u>	<u>Balance</u> <u>7/1/2002</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 610,812	\$ -	\$ (1,200)	\$ 609,612
<i>Total Capital Assets, not being depreciated:</i>	<u>610,812</u>	<u>-</u>	<u>(1,200)</u>	<u>609,612</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	6,548,505	-	(5,126)	6,543,379
Improvements	127,066	-	(8,256)	118,810
Furniture and Equipment	2,741,742	280,251	(1,236,505)	1,785,488
Vehicles	1,943,411	-	(3,400)	1,940,011
<i>Total Capital Assets, being depreciated:</i>	<u>11,360,724</u>	<u>280,251</u>	<u>(1,253,287)</u>	<u>10,387,688</u>
Less Accumulated Depreciation:				
Building and Improvements	(5,478,082)	-	2,009	(5,476,073)
Improvements	(41,953)	-	4,705	(37,248)
Furniture and Equipment	(2,002,011)	-	662,946	(1,339,065)
Vehicles	(1,219,304)	-	3,320	(1,215,984)
<i>Total Accumulated Depreciation</i>	<u>(8,741,350)</u>	<u>-</u>	<u>672,980</u>	<u>(8,068,370)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>2,619,374</u>	<u>280,251</u>	<u>(580,307)</u>	<u>2,319,318</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,230,186</u>	<u>\$ 280,251</u>	<u>\$ (581,507)</u>	<u>\$ 2,928,930</u>
Business-Type Activities				
Furniture and Equipment	\$ 209,104	\$ -	\$ (37,679)	\$ 171,425
Less Accumulated Depreciation	<u>(178,884)</u>	<u>-</u>	<u>35,375</u>	<u>(143,509)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,220</u>	<u>\$ -</u>	<u>\$ (2,304)</u>	<u>\$ 27,916</u>

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

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

	Balance 7/1/2002	Addition	Deletion	Balance 6/30/2003
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 609,612	\$ -	\$ -	\$ 609,612
<i>Total Capital Assets, not being depreciated:</i>	609,612	-	-	609,612
<i>Capital Asset, being depreciated:</i>				
Buildings and Improvements	6,543,379	-	-	6,543,379
Improvements	118,810	-	-	118,810
Furniture and Equipment	1,785,488	132,546	-	1,918,034
Vehicles	1,940,011	213,476	(105,559)	2,047,928
<i>Total Capital Assets, being depreciated:</i>	10,387,688	346,022	(105,559)	10,628,151
Less Accumulated Depreciation:				
Building and Improvements	(5,476,073)	(110,515)	-	(5,586,588)
Improvements	(37,248)	(3,866)	-	(41,114)
Furniture and Equipment	(1,339,065)	(177,013)	-	(1,516,078)
Vehicles	(1,215,984)	(148,631)	105,559	(1,259,056)
<i>Total Accumulated Depreciation</i>	(8,068,370)	(440,025)	105,559	(8,402,836)
<i>Total Capital Assets being depreciated, net</i>	2,319,318	(94,003)	-	2,225,315
Governmental Activities Capital Assets, Net	<u>\$2,928,930</u>	<u>\$ (94,003)</u>	<u>\$ -</u>	<u>\$2,834,927</u>
Business-Type Activities				
Furniture and Equipment	\$ 171,425	\$ -	\$ -	\$ 171,425
Less Accumulated Depreciation	(143,509)	(3,305)	-	(146,814)
Business-Type Activities Capital Assets, Net	<u>\$ 27,916</u>	<u>\$ (3,305)</u>	<u>\$ -</u>	<u>\$ 24,611</u>

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

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	114,191
Special		4,809
Vocational		319
Support Services:		
Pupil		3,420
Instructional Staff		101,640
Administration		6,347
Fiscal		3,714
Operation and Maintenance of Plant		17,687
Pupil Transportation		152,876
Central		488
Operations of Non-instructional Services		25,966
Extracurricular Activities		8,568
Total Depreciation Expense	\$	440,025

Note 8 – Interfund Transactions

A. Interfund Receivable/Payable

The interfund receivable/payable consisted of the following at June 30, 2003, as reported on the fund financial statements:

Governmental Activities	Interfund Receivable	Interfund Payable
Major Fund:		
General	\$107,473	\$0
Nonmajor Funds:		
Title IV-B	0	71,604
Title VI	0	11,745
Drug Free Schools Grant	0	159
Class Size Reduction	0	23,965

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, 2003

B. Interfund Transfers

Interfund transfers for the year ended June 30, 2003, consisted of the following, as reported on the fund financial statements:

	Transfer In	Transfer Out
Major Governmental Fund:		
General	\$1,868	\$327,100
Nonmajor Governmental Funds:		
Other Grants	0	3
Athletic and Music	27,100	0
Eisenhower Math and Science Grant	0	8,521
Class Size Reduction	8,521	0
SchoolNet Plus	0	1,677
Major Enterprise Fund:		
Food Service	40,000	0
Internal Service Fund:		
Self-Insurance	260,000	0
Fiduciary Fund:		
Student Activities	0	188

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 2003, the School District contracted with Indiana Insurance Company, Westfield Companies, and Zurich Specialties London Limited. Coverages are as follows:

Type of Coverage	Deductible	Coverage
Building and Content	\$1,000	\$35,005,000
Valuable Papers	0	100,000
Crime Coverage	0	25,000
Boiler/Machinery	1,000	35,005,000
Equipment Breakdown		
- Hazardous (Including Spoilage)	1,000	25,000
- CFC Refrigerates	1,000	100,000

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

Property in Transit		
- Computer Equipment	0	100,000
- Software	0	10,000
Inland Marine	250	Various
General Liability		
- Each Occurrence	\$0	\$1,000,000
- Fire Damage	0	300,000
- Any One Person	0	15,000
- Personal & Advertising Injury Limit	0	1,000,000
- General Aggregate	0	2,000,000
- Products-Completed Operations Aggregate Limit		
Employee Benefits Coverage		
- Each Loss Limit	1,000	1,000,000
- Aggregate Limit	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
Umbrella Liability		
- Each Occurrence	0	2,000,000
- General Aggregate	0	2,000,000
- Product/Completed Operations Aggregate	0	2,000,000
- Retained Limit	0	10,000
Automobile Coverage	0	2,000,000
Uninsured/Underinsured Motorist	0	500,000
Medical Payments	0	5,000
Comprehensive	500	0
Collision	1,000	0
Limited of Liability		
- Each Wrongful Act	7,500	3,000,000
- Annual Aggregate	7,500	3,000,000

Settlement 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, 2003

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 \$228,875 reported in the internal service fund at June 30, 2003 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 2002 and 2003 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2002	\$265,255	\$1,832,134	\$1,812,698	\$284,691
2003	\$284,691	\$1,979,238	\$2,035,054	\$228,875

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

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 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, 2003, 2002, and 2001 were \$524,088, \$517,128, and \$500,183, respectively; 46.63 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$279,699 representing the unpaid contribution for fiscal year 2003 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, 2003

For the fiscal year ended June 30, 2003, 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, 2003, 2002, and 2001 were \$1,568,964, \$1,419,816, and \$1,419,816, respectively; 82.13 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$280,341 representing the unpaid contribution for fiscal year 2003 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, 2002 (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 \$504,310 for fiscal year 2003.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2002 (the latest information available), the balance in the Fund was \$3.256 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$364,697,000 and STRS had 105,300 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 2002, 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 \$218,230 during the 2003 fiscal year.

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

Note 13 - Long Term Obligations

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	Principal Outstanding 7/1/2002	Additions	Deductions	Principal Outstanding 6/30/2003	Amount Due in One Year
Governmental Activities					
Compensated Absences	\$ 1,383,003	\$ 155,543	\$ (258,551)	\$ 1,279,995	\$ 57,680
Total Governmental Activities Long-term Liabilities	<u>\$ 1,383,003</u>	<u>\$ 155,543</u>	<u>\$ (258,551)</u>	<u>\$ 1,279,995</u>	<u>\$ 57,680</u>
Business-Type Activities					
Compensated Absences	<u>\$ 21,316</u>	<u>\$ -</u>	<u>\$ (2,138)</u>	<u>\$ 19,178</u>	<u>\$ -</u>

At June 30, 2003 the School District's overall debt margin was \$49,956,620 with an unvoted debt margin of \$555,074.

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 2003, the School District paid \$67,896 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 2002, the School District paid \$800 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

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.

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

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.

	<u>Textbooks</u>	<u>Capital Improvement</u>	<u>Budget Reserve</u>	<u>Total</u>
Set-aside balance as of June 30, 2002	\$ (300,106)	\$ 0	\$ 371,455	\$ 71,349
Current year set-aside requirement	\$ 422,342	\$ 422,342	\$ 0	\$ 844,684
Increase in requirement based on revised legislation.	\$ 0	\$ 0	\$ 50,887	\$ 50,887
Qualifying expenditures	\$ <u>(356,137)</u>	\$ <u>(612,071)</u>	\$ <u>0</u>	\$ <u>(968,208)</u>
Totals	\$ <u>(233,901)</u>	\$ <u>(189,729)</u>	\$ <u>422,342</u>	\$ <u>(1,288)</u>
Cash balance carried forward to FY 2004	\$ <u>(233,901)</u>	\$ <u>0</u>	\$ <u>422,342</u>	\$ <u>188,441</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>

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

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, 2003.

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

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

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

Note 19 – Changes in Accounting Principals, and Restatement of Fund Balance and Net Assets

Changes in Accounting Principles For the fiscal year 2003, the School District implemented GASB No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB No. 38, “Certain Financial Statement Note Disclosures”, GASB No. 41, “Budgetary Comparison Schedules – Perspective Differences – an amendment of GASB Statement No. 34”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.” At June 30, 2002, there was no effect on fund balances as a result of implementing GASB Statements No. 37, 38, and 41.

The effect on the fund balances as a result of implementing GASB Interpretation No. 6 is shown as follows:

	General Fund
Fund Balance June 30, 2002	\$1,861,163
GASB Interpretation No. 6 Adjustment	30,120
Fund balance July 1, 2002	\$1,891,283

The effect on the net assets as a result of implementing GASB Interpretation No. 6, adopting of \$1,500 capitalization threshold, and correcting capital asset values is presented as follows:

	Governmental Activities	Business-type Activities	Total
Net Assets June 30, 2002	\$4,476,596	\$124,884	\$4,601,480
Adjustments:			
GASB Interpretation No. 6	209,505	0	209,505
Capital Assets Adjustments	(301,256)	(2,304)	(303,560)
Net Assets July 1, 2002	\$4,384,845	\$122,580	\$4,507,425

Note 20 – Accountability and Compliances

- A. Various funds in special revenue funds and enterprise fund had total available resources below the current level of appropriations, contrary to Ohio Revised Code §5705.39.
- B. The School District did not properly encumber an immaterial amount of expenditures contrary to Ohio Revised Code §5705.41(D).

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Chardon Local School District

Combining Statements and Individual Fund Schedules

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.

Teacher Development Fund This fund accounts for State monies used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

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.

Conflict Management Fund This fund accounts for State monies provided to educate students on proper social behavior.

Eisenhower Math and Science Grant Fund This fund accounts for monies used to improve the skills of teachers and the quality of instruction in mathematics, science, foreign languages and computer learning.

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, 2003

	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	\$ 406,626	\$ 34,022	\$ 440,648
Receivables:			
Accounts	367	-	367
Intergovernmental	138,008	-	138,008
	<u> </u>	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>545,001</u>	<u>34,022</u>	<u>579,023</u>
Liabilities:			
Accounts Payable	33,785	-	33,785
Accrued Wages	9,426	-	9,426
Pension Obligation Payable	411	-	411
Interfund Payable	107,473	-	107,473
Intergovernmental Payable	532	-	532
Deferred Revenue	29,236	-	29,236
	<u> </u>	<u> </u>	<u> </u>
<i>Total Liabilities</i>	<u>180,863</u>	<u>-</u>	<u>180,863</u>
Fund Balance:			
Reserved for Encumbrances	167,845	-	167,845
Unreserved:			
Undesignated	196,293	34,022	230,315
	<u> </u>	<u> </u>	<u> </u>
<i>Total Fund Balances</i>	<u>364,138</u>	<u>34,022</u>	<u>398,160</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 545,001</u>	<u>\$ 34,022</u>	<u>\$ 579,023</u>

Chardon Local School District

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

For the Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
	<hr/>	<hr/>	<hr/>
Revenues:			
Intergovernmental	\$ 1,545,901	\$ 48,022	\$ 1,593,923
Interest	4,204	119	4,323
Extracurricular Activities	215,006	-	215,006
Classroom Materials and Fees	7,047	-	7,047
Miscellaneous	82,622	-	82,622
	<hr/>	<hr/>	<hr/>
Total Revenues	1,854,780	48,141	1,902,921
Expenditures:			
Current:			
Instruction:			
Regular	132,473	-	132,473
Special	211,085	-	211,085
Support Services:			
Pupils	423,422	-	423,422
Instructional Staff	46,344	107,372	153,716
Operation and Maintenance of Plant	892	-	892
Pupil Transportation	55,038	-	55,038
Central	10,795	-	10,795
Operation of Non-Instructional Services	899,017	-	899,017
Extracurricular Activities	217,751	-	217,751
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,996,817	107,372	2,104,189
Excess of Revenues Over (Under) Expenditures	(142,037)	(59,231)	(201,268)
Other Financing Sources (Uses):			
Transfers In	35,621	-	35,621
Transfers Out	(8,524)	(1,677)	(10,201)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	27,097	(1,677)	25,420
Net Change in Fund Balances	(114,940)	(60,908)	(175,848)
Fund Balance (Deficit) at Beginning of Year	479,078	94,930	574,008
	<hr/>	<hr/>	<hr/>
Fund Balance (Deficit) at End of Year	\$ 364,138	\$ 34,022	\$ 398,160
	<hr/>	<hr/>	<hr/>

Chardon Local School District

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2003

	Public School Support	Other Grants	Athletic and Music	Auxiliary Services
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 44,829	\$ 17,162	\$ 99,712	\$ 160,764
Receivables:				
Accounts	-	-	367	-
Intergovernmental	-	-	-	-
<i>Total Assets</i>	<u>44,829</u>	<u>17,162</u>	<u>100,079</u>	<u>160,764</u>
Liabilities:				
Accounts Payable	3,831	557	2,090	23,036
Accrued Wages	-	-	-	-
Pension Obligation Payable	-	-	-	196
Interfund Payable	-	-	-	-
Intergovernmental Payable	-	-	20	494
Deferred Revenue	-	-	-	-
<i>Total Liabilities</i>	<u>3,831</u>	<u>557</u>	<u>2,110</u>	<u>23,726</u>
Fund Balance:				
Reserved for Encumbrances	2,592	1,026	6,772	135,213
Unreserved:				
Undesignated	<u>38,406</u>	<u>15,579</u>	<u>91,197</u>	<u>1,825</u>
<i>Total Fund Balances (Deficit)</i>	<u>40,998</u>	<u>16,605</u>	<u>97,969</u>	<u>137,038</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 44,829</u>	<u>\$ 17,162</u>	<u>\$ 100,079</u>	<u>\$ 160,764</u>

<u>Teacher Development</u>	<u>Educational Management Information System</u>	<u>Data Communication</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads Grant</u>	<u>Conflict Management</u>	<u>Eisenhower Math and Science Grant</u>
\$ -	\$ 25,009	\$ -	\$ -	\$ -	\$ 10	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	25,009	-	-	-	10	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	215	-	-	-	-	-
-	-	-	-	-	-	-
-	18	-	-	-	-	-
-	-	-	-	-	-	-
-	233	-	-	-	-	-
-	-	-	-	-	-	-
-	24,776	-	-	-	10	-
-	24,776	-	-	-	10	-
\$ -	\$ 25,009	\$ -	\$ -	\$ -	\$ 10	\$ -

(Continued)

Chardon Local School District

Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)

June 30, 2003

	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Grant</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 5,607	\$ 12,102	\$ 4,177	\$ 1,607
Receivables:				
Accounts	-	-	-	-
Intergovernmental	74,615	18,550	16,840	2,234
<i>Total Assets</i>	<u>80,222</u>	<u>30,652</u>	<u>21,017</u>	<u>3,841</u>
Liabilities:				
Accounts Payable	3,786	-	-	485
Accrued Wages	-	9,426	-	-
Pension Obligation Payable	-	-	-	-
Interfund Payable	71,604	-	11,745	159
Intergovernmental Payable	-	-	-	-
Deferred Revenue	-	18,550	6,647	2,234
<i>Total Liabilities</i>	<u>75,390</u>	<u>27,976</u>	<u>18,392</u>	<u>2,878</u>
Fund Balance:				
Reserved for Encumbrances	1,820	4,100	-	1,122
Unreserved:				
Undesignated	3,012	(1,424)	2,625	(159)
<i>Total Fund Balances (Deficit)</i>	<u>4,832</u>	<u>2,676</u>	<u>2,625</u>	<u>963</u>
 <i>Total Liabilities and Fund Equity</i>	 <u>\$ 80,222</u>	 <u>\$ 30,652</u>	 <u>\$ 21,017</u>	 <u>\$ 3,841</u>

Class Size Reduction	Miscellaneous Federal Grants	Special Trust	Total Nonmajor Special Revenue Funds
\$ 1	\$ 16,459	\$ 19,187	\$ 406,626
-	-	-	367
<u>25,769</u>	<u>-</u>	<u>-</u>	<u>138,008</u>
<u>25,770</u>	<u>16,459</u>	<u>19,187</u>	<u>545,001</u>
-	-	-	33,785
-	-	-	9,426
-	-	-	411
23,965	-	-	107,473
-	-	-	532
<u>1,805</u>	<u>-</u>	<u>-</u>	<u>29,236</u>
25,770	-	-	180,863
-	15,200	-	167,845
<u>-</u>	<u>1,259</u>	<u>19,187</u>	<u>196,293</u>
<u>-</u>	<u>16,459</u>	<u>19,187</u>	<u>364,138</u>
<u>\$ 25,770</u>	<u>\$ 16,459</u>	<u>\$ 19,187</u>	<u>\$ 545,001</u>

Chardon Local School District

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

For the Year Ending June 30, 2003

	Public School Support	Other Grants	Athletic and Music	Auxiliary Services
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 844,365
Interest	-	-	-	3,648
Extracurricular Activities	44,434	-	170,572	-
Classroom Materials and Fees	7,047	-	-	-
Miscellaneous	31,167	15,127	26,378	-
<i>Total Revenues</i>	82,648	15,127	196,950	848,013
Expenditures:				
Current:				
Instruction:				
Regular	-	3,544	-	-
Special	-	9,550	-	-
Support Services:				
Pupils	72,294	398	-	-
Instructional Staff	273	729	-	-
Operation and Maintenance of Plant	-	-	-	-
Pupil Transportation	-	-	-	-
Central	-	-	-	-
Operation of Non-Instructional Services	-	-	-	841,257
Extracurricular Activities	-	-	217,751	-
<i>Total Expenditures</i>	72,567	14,221	217,751	841,257
Excess of Revenues Over (Under) Expenditures	10,081	906	(20,801)	6,756
Other Financing Sources (Uses):				
Transfers In	-	-	27,100	-
Transfers Out	-	(3)	-	-
<i>Total Other Financing Sources (Uses)</i>	-	(3)	27,100	-
Net Change in Fund Balances	10,081	903	6,299	6,756
Fund Balance (Deficit) at Beginning of Year	30,917	15,702	91,670	130,282
Fund Balance (Deficit) at End of Year	\$ 40,998	\$ 16,605	\$ 97,969	\$ 137,038

Teacher Development	Educational Management Information System	Data Communication	SchoolNet Professional Development	Ohio Reads Grant	Conflict Management	Eisenhower Math and Science Grant
\$ -	\$ 11,866	\$ 21,000	\$ 1,655	\$ 8,000	\$ 4,000	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	11,866	21,000	1,655	8,000	4,000	-
893	-	-	-	8,000	850	-
-	-	-	-	-	-	-
-	-	25,759	285	-	1,440	771
-	-	-	6,157	-	1,700	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,795	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
893	10,795	25,759	6,442	8,000	3,990	771
(893)	1,071	(4,759)	(4,787)	-	10	(771)
-	-	-	-	-	-	-
-	-	-	-	-	-	(8,521)
-	-	-	-	-	-	(8,521)
(893)	1,071	(4,759)	(4,787)	-	10	(9,292)
893	23,705	4,759	4,787	-	-	9,292
\$ -	\$ 24,776	\$ -	\$ -	\$ -	\$ 10	\$ -

(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, 2003

	<u>Title VI-B</u>	<u>Title I</u>	<u>Title VI</u>	<u>Drug Free Schools Grant</u>
Revenues:				
Intergovernmental	\$ 354,068	\$ 155,691	\$ 19,062	\$ 8,906
Interest	-	-	-	-
Extracurricular Activities	-	-	-	-
Classroom Materials and Fees	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total Revenues</i>	<u>354,068</u>	<u>155,691</u>	<u>19,062</u>	<u>8,906</u>
Expenditures:				
Current:				
Instruction:				
Regular	40,781	-	-	4,787
Special	3,396	158,152	26,020	-
Support Services:				
Pupils	292,791	-	-	7,895
Instructional Staff	22,592	14,893	-	-
Operation and Maintenance of Plant	-	-	-	892
Pupil Transportation	54,690	348	-	-
Central	-	-	-	-
Operation of Non-Instructional Services	38,182	-	7,963	-
Extracurricular Activities	-	-	-	-
<i>Total Expenditures</i>	<u>452,432</u>	<u>173,393</u>	<u>33,983</u>	<u>13,574</u>
Excess of Revenues Over (Under) Expenditures	(98,364)	(17,702)	(14,921)	(4,668)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(98,364)	(17,702)	(14,921)	(4,668)
Fund Balance (Deficit) at Beginning of Year	<u>103,196</u>	<u>20,378</u>	<u>17,546</u>	<u>5,631</u>
Fund Balance (Deficit) at End of Year	<u>\$ 4,832</u>	<u>\$ 2,676</u>	<u>\$ 2,625</u>	<u>\$ 963</u>

Class Size Reduction	Miscellaneous Federal Grants	Special Trust	Total Nonmajor Special Revenue Funds
\$ 82,091	\$ 35,197	\$ -	\$ 1,545,901
-	-	556	4,204
-	-	-	215,006
-	-	-	7,047
-	-	9,950	82,622
82,091	35,197	10,506	1,854,780
73,618	-	-	132,473
-	13,967	-	211,085
17,018	4,771	-	423,422
-	-	-	46,344
-	-	-	892
-	-	-	55,038
-	-	-	10,795
-	-	11,615	899,017
-	-	-	217,751
90,636	18,738	11,615	1,996,817
(8,545)	16,459	(1,109)	(142,037)
8,521	-	-	35,621
-	-	-	(8,524)
8,521	-	-	27,097
(24)	16,459	(1,109)	(114,940)
24	-	20,296	479,078
\$ -	\$ 16,459	\$ 19,187	\$ 364,138

Chardon Local School District

Combining Statement of Changes in Assets and Liabilities
Agency Fund

For the Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Student Activities				
Assets:				
Cash and Cash Equivalents	\$ 52,618	103,233	(84,394)	\$ 71,457
Total Assets	<u>\$ 52,618</u>	<u>103,233</u>	<u>(84,394)</u>	<u>\$ 71,457</u>
Liabilities:				
Accounts Payable	\$ 115	2,814	(115)	\$ 2,814
Due to Students	52,503	100,419	(84,279)	68,643
Total Liabilities	<u>\$ 52,618</u>	<u>103,233</u>	<u>(84,394)</u>	<u>\$ 71,457</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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 15,421,900	\$ 16,139,094	\$ 16,131,056	\$ (8,038)
Intergovernmental	7,455,635	7,797,950	7,614,232	(183,718)
Interest	112,000	116,691	84,422	(32,269)
Tuition	-	-	135,069	135,069
Extracurricular Activities	28,657	35,175	35,359	184
Transportation Fees	31,500	32,819	9,395	(23,424)
Lieu of Taxes	6,400	6,668	8,038	1,370
Classroom Materials and Fees	113,338	126,430	125,774	(656)
Miscellaneous	178,825	181,105	246,175	65,070
Total Revenues	23,348,255	24,435,932	24,389,520	(46,412)
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	7,841,894	7,840,594	7,654,042	186,552
Fringe Benefits	1,975,844	2,189,674	2,171,250	18,424
Purchased Services	268,790	318,174	313,757	4,417
Materials and Supplies	802,335	796,859	762,086	34,773
Capital Outlay - New	4,024	5,969	5,969	-
Capital Outlay - Replacement	25,987	35,840	35,840	-
Total Regular	10,918,874	11,187,110	10,942,944	244,166
Special:				
Salaries and Wages	1,110,150	1,075,918	1,075,736	182
Fringe Benefits	288,722	319,077	319,070	7
Purchased Services	1,082,473	944,907	897,093	47,814
Materials and Supplies	33,284	33,373	27,439	5,934
Capital Outlay - New	2,300	728	728	-
Capital Outlay - Replacement	115	110	110	-
Total Special	2,517,044	2,374,113	2,320,176	53,937
Vocational:				
Salaries and Wages	188,878	191,878	190,940	938
Fringe Benefits	53,355	51,015	51,012	3
Purchased Services	360	360	248	112
Materials and Supplies	4,900	4,900	4,670	230
Capital Outlay - Replacement	1,200	1,256	1,256	-
Total Vocational	248,693	249,409	248,126	1,283
Other:				
Purchased Services	270,000	165,000	152,132	12,868
Total Other	270,000	165,000	152,132	12,868
Total Instruction	13,954,611	13,975,632	13,663,378	312,254

(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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$ 694,508	\$ 661,394	\$ 623,671	\$ 37,723
Fringe Benefits	169,849	171,926	171,835	91
Purchased Services	145,780	255,287	240,004	15,283
Materials and Supplies	8,600	9,367	8,169	1,198
Capital Outlay - Replacement	1,250	986	986	-
Total Pupils	1,019,987	1,098,960	1,044,665	54,295
Instructional Staff:				
Salaries and Wages	556,237	583,737	583,387	350
Fringe Benefits	138,545	168,245	168,215	30
Purchased Services	75,503	54,628	36,308	18,320
Materials and Supplies	88,925	96,479	80,867	15,612
Capital Outlay - New	21,875	21,875	12,201	9,674
Capital Outlay - Replacement	6,000	847	-	847
Total Instructional Staff	887,085	925,811	880,978	44,833
Board of Education:				
Salaries and Wages	4,965	9,465	7,040	2,425
Fringe Benefits	964	1,009	1,008	1
Purchased Services	9,800	9,052	8,309	743
Materials and Supplies	550	550	284	266
Other	22,000	19,455	18,001	1,454
Total Board of Education	38,279	39,531	34,642	4,889
Administration:				
Salaries and Wages	1,436,328	1,452,328	1,403,426	48,902
Fringe Benefits	431,488	502,788	502,717	71
Purchased Services	160,588	152,579	123,938	28,641
Materials and Supplies	73,104	61,076	52,392	8,684
Capital Outlay - New	1,500	-	-	-
Capital Outlay - Replacement	250	-	-	-
Other	7,327	6,727	6,441	286
Total Administration	2,110,585	2,175,498	2,088,914	86,584
Fiscal:				
Salaries and Wages	170,530	172,530	171,857	673
Fringe Benefits	58,985	54,455	54,453	2
Purchased Services	72,840	50,668	42,522	8,146
Materials and Supplies	11,891	12,194	12,129	65
Capital Outlay - New	13,104	13,036	12,759	277
Capital Outlay - Replacement	12,000	3,670	3,670	-
Other	563,200	376,274	371,593	4,681
Total Fiscal	902,550	682,827	668,983	13,844

(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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$ 186,979	\$ 187,479	\$ 187,168	\$ 311
Fringe Benefits	69,607	71,907	71,861	46
Purchased Services	86,026	76,877	71,388	5,489
Materials and Supplies	1,275	1,275	413	862
Total Business	343,887	337,538	330,830	6,708
Operation and Maintenance of Plant:				
Salaries and Wages	950,363	933,363	933,111	252
Fringe Benefits	342,425	370,325	370,287	38
Purchased Services	816,451	816,451	678,609	137,842
Materials and Supplies	267,520	283,000	229,205	53,795
Capital Outlay - New	11,000	10,966	10,419	547
Capital Outlay - Replacement	4,000	20,524	20,480	44
Other	1,000	1,000	750	250
Total Operation and Maintenance of Plant	2,392,759	2,435,629	2,242,861	192,768
Pupil Transportation:				
Salaries and Wages	1,180,152	1,145,152	1,110,423	34,729
Fringe Benefits	469,674	442,694	442,667	27
Purchased Services	91,461	83,560	77,397	6,163
Materials and Supplies	268,277	253,277	219,880	33,397
Capital Outlay - New	10,000	10,000	8,900	1,100
Capital Outlay - Replacement	238,000	214,715	214,715	-
Total Pupils Transportation	2,257,564	2,149,398	2,073,982	75,416
Central:				
Salaries and Wages	99,789	99,789	89,441	10,348
Fringe Benefits	34,599	34,039	34,036	3
Purchased Services	27,600	25,400	22,037	3,363
Materials and Supplies	2,333	2,533	1,472	1,061
Capital Outlay - Replacement	500	500	-	500
Other	2,250	2,250	2,171	79
Total Central	167,071	164,511	149,157	15,354
Total Support Services	10,119,767	10,009,703	9,515,012	494,691
Community Services:				
Salaries and Wages	38,787	38,787	37,366	1,421
Fringe Benefits	11,103	10,753	10,750	3
Total Community Services	49,890	49,540	48,116	1,424
Total Operation of Non-Instructional Services	49,890	49,540	48,116	1,424

(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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	\$ 24,271	\$ 24,271	\$ 22,090	\$ 2,181
Fringe Benefits	4,284	3,604	3,604	-
Total Academic and Subject Oriented Activities	28,555	27,875	25,694	2,181
Sports Oriented Activities:				
Salaries and Wages	257,847	248,847	242,168	6,679
Fringe Benefits	37,942	38,642	38,638	4
Purchased Services	-	9,000	7,925	1,075
Total Sports Oriented Activities	295,789	296,489	288,731	7,758
Co-Curricular Activities:				
Salaries and Wages	36,301	42,301	36,327	5,974
Fringe Benefits	5,899	5,709	5,707	2
Total Co-Curricular Activities	42,200	48,010	42,034	5,976
Total Extracurricular Activities	366,544	372,374	356,459	15,915
Capital Outlay				
Site Acquisition:				
Capital Outlay - New	3,000	-	-	-
Total Site Acquisition	3,000	-	-	-
Site Improvement:				
Purchased Services	43,000	49,800	49,800	-
Total Site Improvement	43,000	49,800	49,800	-
Architectures and Engineering:				
Purchased Services	46,351	25,560	25,310	250
Total Architectures and Engineering	46,351	25,560	25,310	250
Building Improvement:				
Purchased Services	221,487	218,487	214,737	3,750
Total Building Improvement	221,487	218,487	214,737	3,750
Total Capital Outlay	313,838	293,847	289,847	4,000
<i>Total Expenditures</i>	24,804,650	24,701,096	23,872,812	828,284
<i>Excess of Revenues Over/(Under) Expenditures</i>	(1,456,395)	(265,164)	516,708	781,872

(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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	\$ -	\$ 5,209	\$ 5,734	\$ 525
Refund of Prior Year Expenditures	1,000	1,042	40,756	39,714
Contingencies	(11,000)	(11,000)	-	11,000
Advances In	68,000	68,000	68,000	-
Advances Out	(68,000)	(175,473)	(175,473)	-
Transfers In	1,607	1,607	1,868	261
Transfers Out	(327,100)	(327,100)	(327,100)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(335,493)</u>	<u>(437,715)</u>	<u>(386,215)</u>	<u>51,500</u>
Net Change in Fund Balance	(1,791,888)	(702,879)	130,493	833,372
Fund Balance (Deficit) at The Beginning of Year	2,097,959	2,097,959	2,097,959	-
Prior Year Encumbrances Appropriated	<u>700,580</u>	<u>700,580</u>	<u>700,580</u>	<u>-</u>
Fund Balance (Deficit) at The End of Year	<u>\$ 1,006,651</u>	<u>\$ 2,095,660</u>	<u>\$ 2,929,032</u>	<u>\$ 833,372</u>

Chardon Local School District
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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular Activities	\$ 1,091	\$ 45,330	\$ 44,434	\$ (896)
Classroom Materials and Fees	200	8,334	7,046	(1,288)
Miscellaneous	818	34,045	32,334	(1,711)
Total Revenues	2,109	87,709	83,814	(3,895)
Expenditures:				
Current:				
Support Services:				
Pupils:				
Purchased Services	1,512	7,530	6,014	1,516
Materials and Supplies	12,184	27,033	16,657	10,376
Capital Outlay - New	1,633	1,998	911	1,087
Capital Outlay - Replacement	110	4,408	2,620	1,788
Other	16,806	71,072	49,069	22,003
Total Pupils	32,245	112,041	75,271	36,770
Instructional Staff:				
Materials and Supplies	-	2,356	273	2,083
Total Instructional Staff	-	2,356	273	2,083
Total Support Services	32,245	114,397	75,544	38,853
Total Expenditures	32,245	114,397	75,544	38,853
Net Change in Fund Balance	(30,136)	(26,688)	8,270	34,958
Fund Balance (Deficit) at The Beginning of Year	26,686	26,686	26,686	-
Prior Year Encumbrances Appropriated	3,450	3,450	3,450	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ 3,448	\$ 38,406	\$ 34,958

Chardon Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Other Grants Fund
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amount</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ -	\$ 15,127	\$ 15,127	\$ -
Total Revenues	-	15,127	15,127	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	-	1,236	1,196	40
Fringe Benefits	-	171	165	6
Purchased Services	425	692	245	447
Materials and Supplies	3,662	3,521	2,219	1,302
Total Regular	4,087	5,620	3,825	1,795
Special:				
Materials and Supplies	8,708	18,127	9,550	8,577
Total Special	8,708	18,127	9,550	8,577
Total Instruction	12,795	23,747	13,375	10,372
Support Services:				
Pupils:				
Purchased Services	303	416	398	18
Total Pupils	303	416	398	18
Instructional Staff:				
Purchased Services	1,203	5,111	1,224	3,887
Materials and Supplies	-	103	-	103
Total Instructional Staff	1,203	5,214	1,224	3,990
Administration:				
Purchased Services	1,400	1,447	250	1,197
Total Administration	1,400	1,447	250	1,197
Total Support Services	2,906	7,077	1,872	5,205
Total Expenditures	15,701	30,824	15,247	15,577
<i>Excess of Revenues Over/(Under) Expenditures</i>	<i>(15,701)</i>	<i>(15,697)</i>	<i>(120)</i>	<i>15,577</i>
Other Financing Sources (Uses):				
Transfers Out	-	(3)	(3)	-
<i>Total Other Financing Sources (Uses)</i>	<i>-</i>	<i>(3)</i>	<i>(3)</i>	<i>-</i>
Net Change in Fund Balance	(15,701)	(15,700)	(123)	15,577
Fund Balance (Deficit) at The Beginning of Year	15,702	15,702	15,702	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 15,579</u>	<u>\$ 15,577</u>

Chardon Local School District
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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular Activities	\$ 35,074	\$ 172,091	\$ 170,572	\$ (1,519)
Miscellaneous	5,926	29,075	26,594	(2,481)
Total Revenues	41,000	201,166	197,166	(4,000)
Expenditures:				
Current:				
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Purchased Services	5,524	30,552	23,144	7,408
Materials and Supplies	15,346	30,897	20,430	10,467
Capital Outlay - New	1,062	1,985	975	1,010
Capital Outlay - Replacement	335	1,146	83	1,063
Other	4,564	36,836	29,219	7,617
Total Academic and Subject Oriented Activities	26,831	101,416	73,851	27,565
Sports Oriented Activities:				
Salaries and Wages	3,191	8,681	6,348	2,333
Fringe Benefits	-	2,008	1,583	425
Purchased Services	58,406	108,420	98,382	10,038
Materials and Supplies	12,958	18,457	4,443	14,014
Capital Outlay - New	5,508	23,730	15,212	8,518
Capital Outlay - Replacement	2,941	17,987	4,832	13,155
Other	15,791	25,945	18,074	7,871
Total Sports Oriented Activities	98,795	205,228	148,874	56,354
Co-Curricular Activities:				
Materials and Supplies	3,304	5,287	816	4,471
Capital Outlay - New	104	142		142
Other	3,059	4,597	970	3,627
Total Co-Curricular Activities	6,467	10,026	1,786	8,240
Total Extracurricular Activities	132,093	316,670	224,511	92,159
Total Expenditures	132,093	316,670	224,511	92,159
Excess of Revenues Over/(Under) Expenditures	(91,093)	(115,504)	(27,345)	88,159
Other Financing Sources (Uses):				
Transfers In	-	27,100	27,100	-
Total Other Financing Sources (Uses)	-	27,100	27,100	-
Net Change in Fund Balance	(91,093)	(88,404)	(245)	88,159
Fund Balance (Deficit) at The Beginning of Year	86,403	86,403	86,403	-
Prior Year Encumbrances Appropriated	4,690	4,690	4,690	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ 2,689	\$ 90,848	\$ 88,159

Chardon Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Auxiliary Services Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 844,365	\$ 844,365	\$ -
Interest	234	4,414	3,648	(766)
Total Revenues	234	848,779	848,013	(766)
Expenditures:				
Current:				
Community Services:				
Salaries and Wages	10,590	120,554	118,585	1,969
Fringe Benefits	6,098	41,306	40,997	309
Purchased Services	14,995	287,096	286,676	420
Materials and Supplies	102,791	356,041	355,599	442
Capital Outlay - New	29,032	172,392	172,260	132
Capital Outlay - Replacement	-	539	539	-
Other	-	34,570	34,544	26
Total Community Services	163,506	1,012,498	1,009,200	3,298
Total Operation of Non-Instructional Services	163,506	1,012,498	1,009,200	3,298
Total Expenditures	163,506	1,012,498	1,009,200	3,298
Excess of Revenues Over/(Under) Expenditures	(163,272)	(163,719)	(161,187)	2,532
Other Financing Sources (Uses):				
Transfers Out	(447)	-	-	-
Total Other Financing Sources (Uses)	(447)	-	-	-
Net Change in Fund Balance	(163,719)	(163,719)	(161,187)	2,532
Fund Balance (Deficit) at The Beginning of Year	22,865	22,865	22,865	-
Prior Year Encumbrances Appropriated	140,854	140,854	140,854	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ -	\$ 2,532	\$ 2,532

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Teacher Development Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	\$ -	\$ 174	\$ 174	\$ -
Fringe Benefits	-	128	128	-
Purchased Services	393	275	275	-
Materials and Supplies	321	318	318	-
Total Regular	714	895	895	-
Total Instruction	714	895	895	-
<i>Total Expenditures</i>	714	895	895	-
Net Change in Fund Balance	(714)	(895)	(895)	-
Fund Balance (Deficit) at The Beginning of Year	181	181	181	-
Prior Year Encumbrances Appropriated	714	714	714	-
Fund Balance (Deficit) at The End of Year	\$ 181	\$ -	\$ -	\$ -

Chardon Local School District
*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, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 11,865	\$ 11,865	\$ -
Total Revenues	-	11,865	11,865	-
Expenditures:				
Current:				
Support Services:				
Central:				
Salaries and Wages	10,077	29,196	8,769	20,427
Fringe Benefits	2,200	6,374	1,794	4,580
Total Central	12,277	35,570	10,563	25,007
Total Support Services	12,277	35,570	10,563	25,007
Total Expenditures	12,277	35,570	10,563	25,007
Net Change in Fund Balance	(12,277)	(23,705)	1,302	25,007
Fund Balance (Deficit) at The Beginning of Year	23,706	23,706	23,706	-
Fund Balance (Deficit) at The End of Year	\$ 11,429	\$ 1	\$ 25,008	\$ 25,007

Chardon Local School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Data Communication Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 21,000	\$ 21,000	\$ -
Total Revenues	-	21,000	21,000	-
Expenditures:				
Current:				
Support Services:				
Pupils:				
Purchased Services	4,759	25,759	25,759	-
Total Pupils	4,759	25,759	25,759	-
Total Support Services	4,759	25,759	25,759	-
<i>Total Expenditures</i>	4,759	25,759	25,759	-
Net Change in Fund Balance	(4,759)	(4,759)	(4,759)	-
Fund Balance (Deficit) at The Beginning of Year	4,759	4,759	4,759	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</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
 SchoolNet Professional Development Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 4,600	\$ 4,600	\$ -
Total Revenues	-	4,600	4,600	-
Expenditures:				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	642	285	285	-
Total Pupils	642	285	285	-
Instructional Staff:				
Purchased Services	4,146	6,157	6,157	-
Total Instructional Staff	4,146	6,157	6,157	-
Total Support Services	4,788	6,442	6,442	-
Total Expenditures	4,788	6,442	6,442	-
Excess of Revenues Over/(Under) Expenditures	(4,788)	(1,842)	(1,842)	-
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	-	(2,946)	(2,946)	-
Total Other Financing Sources (Uses)	-	(2,946)	(2,946)	-
Net Change in Fund Balance	(4,788)	(4,788)	(4,788)	-
Fund Balance (Deficit) at The Beginning of Year	4,410	4,410	4,410	-
Prior Year Encumbrances Appropriated	378	378	378	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</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
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 8,000	\$ 8,000	\$ -
Total Revenues	-	8,000	8,000	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	-	4,000	4,000	-
Purchased Services	-	4,000	4,000	-
Total Regular	-	8,000	8,000	-
Total Instruction	-	8,000	8,000	-
<i>Total Expenditures</i>	-	8,000	8,000	-
Net Change in Fund Balance	-	-	-	-
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</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
 Conflict Management Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 4,000	\$ 4,000	\$ -
Total Revenues	-	4,000	4,000	-
Expenditures:				
Current:				
Instruction:				
Regular:				
Materials and Supplies	-	850	850	-
Total Regular	-	850	850	-
Total Instruction	-	850	850	-
Support Services:				
Pupils:				
Purchased Services	-	1,400	1,393	7
Materials and Supplies	-	50	47	3
Total Pupils	-	1,450	1,440	10
Instructional Staff:				
Salaries and Wages	-	1,700	1,700	-
Total Instructional Staff	-	1,700	1,700	-
Total Support Services	-	3,150	3,140	10
<i>Total Expenditures</i>	-	4,000	3,990	10
Net Change in Fund Balance	-	-	10	10
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 10</u>

Chardon Local School District
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Eisenhower Math and Science Grant Fund
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,499	\$ -	\$ -	\$ -
Total Revenues	2,499	-	-	-
Expenditures:				
Current:				
Support Services:				
Pupils:				
Fringe Benefits	2,886	75	75	-
Purchased Services	1,098	547	547	-
Materials and Supplies	3,809	150	150	-
Capital Outlay - New	1,500	-	-	-
Total Pupils	9,293	772	772	-
Total Support Services	9,293	772	772	-
Total Expenditures	9,293	772	772	-
Excess of Revenues Over/(Under) Expenditures	(6,794)	(772)	(772)	-
Other Financing Sources (Uses):				
Transfers Out	-	(6,022)	(6,022)	-
Total Other Financing Sources (Uses)	-	(6,022)	(6,022)	-
Net Change in Fund Balance	(6,794)	(6,794)	(6,794)	-
Fund Balance (Deficit) at The Beginning of Year	5,554	5,554	5,554	-
Prior Year Encumbrances Appropriated	1,240	1,240	1,240	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</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
 Title VI-B Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 17,765	\$ 282,464	\$ 279,453	\$ (3,011)
Total Revenues	17,765	282,464	279,453	(3,011)
Expenditures:				
Current:				
Special:				
Purchased Services	4,323	28,166	28,166	-
Materials and Supplies	3,724	16,076	16,076	-
Total Special	8,047	44,242	44,242	-
Total Instruction	8,047	44,242	44,242	-
Support Services:				
Pupils:				
Purchased Services	32,348	275,947	275,622	325
Materials and Supplies	1,118	17,307	17,307	-
Capital Outlay - New	2,840	2,255	2,255	-
Total Pupils	36,306	295,509	295,184	325
Instructional Staff:				
Salaries and Wages	2,162	6,010	5,840	170
Fringe Benefits	449	2,129	1,047	1,082
Purchased Services	7,201	4,080	2,700	1,380
Materials and Supplies	2,440	2,537	2,483	54
Capital Outlay - New	3,615	10,342	10,342	-
Total Instructional Staff	15,867	25,098	22,412	2,686
Pupil Transportation:				
Purchased Services	8,562	54,690	54,690	-
Total Pupil Transportation	8,562	54,690	54,690	-
Total Support Services	60,735	375,297	372,286	3,011
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	1,920	33,059	33,059	-
Fringe Benefits	715	5,122	5,122	-
Total Community Services	2,635	38,181	38,181	-
Total Operation of Non-Instructional Services	2,635	38,181	38,181	-
Total Expenditures	71,417	457,720	454,709	3,011
<i>Excess of Revenues Over/(Under) Expenditures</i>	<i>(53,652)</i>	<i>(175,256)</i>	<i>(175,256)</i>	<i>-</i>

(continued)

Chardon Local School District
*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, 2003*

	Budgeted Amount			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other Financing Sources (Uses):				
Advances In	\$ -	\$ 121,604	\$ 121,604	\$ -
Advances Out	(50,000)	(50,000)	(50,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>71,604</u>	<u>71,604</u>	<u>-</u>
Net Change in Fund Balance	(103,652)	(103,652)	(103,652)	-
Fund Balance (Deficit) at The Beginning of Year	41,710	41,710	41,710	-
Prior Year Encumbrances Appropriated	61,942	61,942	61,942	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</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
Title I Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 174,241	\$ 155,691	\$ (18,550)
Total Revenues	-	174,241	155,691	(18,550)
Expenditures:				
Current:				
Special:				
Salaries and Wages	15,939	155,491	135,221	20,270
Fringe Benefits	2,151	18,008	18,008	-
Purchased Services	357	8,000	98	7,902
Materials and Supplies	4,098	7,415	4,936	2,479
Total Special	22,545	188,914	158,263	30,651
Total Instruction	22,545	188,914	158,263	30,651
Support Services:				
Instructional Staff:				
Salaries and Wages	4,642	13,100	13,100	-
Fringe Benefits	1,234	1,799	1,799	-
Total Instructional Staff	5,876	14,899	14,899	-
Pupil Transportation:				
Salaries and Wages	1,245	302	302	-
Fringe Benefits	255	47	46	1
Total Pupil Transportation	1,500	349	348	1
Total Support Services	7,376	15,248	15,247	1
<i>Total Expenditures</i>	29,921	204,162	173,510	30,652
Net Change in Fund Balance	(29,921)	(29,921)	(17,819)	12,102
Fund Balance (Deficit) at The Beginning of Year	(1,501)	(1,501)	(1,501)	-
Prior Year Encumbrances Appropriated	31,422	31,422	31,422	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,102</u>	<u>\$ 12,102</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 17,765	\$ 24,380	\$ 19,286	\$ (5,094)
Total Revenues	17,765	24,380	19,286	(5,094)
Expenditures:				
Current:				
Special:				
Salaries and Wages	13,756	21,368	21,043	325
Fringe Benefits	3,085	4,526	4,079	447
Purchased Services	-	8,000	4,099	3,901
Materials and Supplies	-	494	-	494
Total Special	16,841	34,388	29,221	5,167
Total Instruction	16,841	34,388	29,221	5,167
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	619	4,519	4,519	-
Materials and Supplies	85	4,347	4,344	3
Total Community Services	704	8,866	8,863	3
Total Operation of Non-Instructional Services	704	8,866	8,863	3
<i>Total Expenditures</i>	17,545	43,254	38,084	5,170
<i>Excess of Revenues Over/(Under) Expenditures</i>	220	(18,874)	(18,798)	76
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	-	(432)	(432)	-
Advances In	-	11,745	11,745	-
<i>Total Other Financing Sources (Uses)</i>	-	11,313	11,313	-
Net Change in Fund Balance	220	(7,561)	(7,485)	76
Fund Balance (Deficit) at The Beginning of Year	7,561	7,561	7,561	-
Fund Balance (Deficit) at The End of Year	<u>\$ 7,781</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 76</u>

Chardon Local School District
*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, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 10,980	\$ 8,906	\$ (2,074)
Total Revenues	-	10,980	8,906	(2,074)
Expenditures:				
Current:				
Instruction:				
Regular:				
Purchased Services	-	900	-	900
Materials and Supplies	2,608	5,847	5,806	41
Total Regular	2,608	6,747	5,806	941
Total Instruction	2,608	6,747	5,806	941
Support Services:				
Pupils:				
Purchased Services	2,800	8,636	7,895	741
Total Pupils	2,800	8,636	7,895	741
Operation and Maintenance of Plant:				
Purchased Services	307	1,471	1,079	392
Total Operation and Maintenance of Plant	307	1,471	1,079	392
Total Support Services	3,107	10,107	8,974	1,133
<i>Total Expenditures</i>	5,715	16,854	14,780	2,074
<i>Excess of Revenues Over/(Under) Expenditures</i>	(5,715)	(5,874)	(5,874)	-
Other Financing Sources (Uses):				
Advances In	-	159	159	-
<i>Total Other Financing Sources (Uses)</i>	-	159	159	-
Net Change in Fund Balance	(5,715)	(5,715)	(5,715)	-
Fund Balance (Deficit) at The Beginning of Year	2,609	2,609	2,609	-
Prior Year Encumbrances Appropriated	3,106	3,106	3,106	-
Fund Balance (Deficit) at The End of Year	\$ -	\$ -	\$ -	\$ -

Chardon Local School District
*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, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 62,453	\$ 60,650	\$ (1,803)
Total Revenues	-	62,453	60,650	(1,803)
Expenditures:				
Current:				
Instruction:				
Regular:				
Salaries and Wages	-	57,895	57,895	-
Fringe Benefits	-	15,723	15,723	-
Total Regular	-	73,618	73,618	-
Total Instruction	-	73,618	73,618	-
Support Services:				
Pupils:				
Salaries and Wages	-	13,700	12,027	1,673
Fringe Benefits	-	2,022	2,022	-
Purchased Services	-	2,500	2,500	-
Materials and Supplies	-	600	469	131
Total Pupils	-	18,822	17,018	1,804
Total Support Services	-	18,822	17,018	1,804
<i>Total Expenditures</i>	-	92,440	90,636	1,804
<i>Excess of Revenues Over/(Under) Expenditures</i>	-	(29,987)	(29,986)	1
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	-	(24)	(24)	-
Advances In	-	23,965	23,965	-
Transfers In	-	6,022	6,022	-
<i>Total Other Financing Sources (Uses)</i>	-	29,963	29,963	-
Net Change in Fund Balance	-	(24)	(23)	1
Fund Balance (Deficit) at The Beginning of Year	24	24	24	-
Fund Balance (Deficit) at The End of Year	\$ 24	\$ -	\$ 1	\$ 1

Chardon Local School District
*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, 2003*

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 35,346	\$ 35,346	\$ -
Total Revenues	-	35,346	35,346	-
Expenditures:				
Current:				
Instruction:				
Special:				
Capital Outlay - New	-	30,426	29,168	1,258
Total Special	-	30,426	29,168	1,258
Total Instruction	-	30,426	29,168	1,258
Support Services:				
Pupils:				
Salaries and Wages	-	2,605	2,605	-
Fringe Benefits	-	497	497	-
Purchased Services	-	1,669	1,669	-
Total Pupils	-	4,771	4,771	-
Total Support Services	-	4,771	4,771	-
<i>Total Expenditures</i>	-	35,197	33,939	1,258
<i>Excess of Revenues Over/(Under) Expenditures</i>	-	149	1,407	1,258
Other Financing Sources (Uses):				
Refund of Prior Year Receipts	-	(149)	(149)	-
<i>Total Other Financing Sources (Uses)</i>	-	(149)	(149)	-
Net Change in Fund Balance	-	-	1,258	1,258
Fund Balance (Deficit) at The Beginning of Year	-	-	-	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,258</u>	<u>\$ 1,258</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Special Trust Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 31	\$ 661	\$ 282	\$ (379)
Miscellaneous	-	16,339	16,186	(153)
Total Revenues	31	17,000	16,468	(532)
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Community Services:				
Other	20,325	37,295	17,083	20,212
Total Community Services	20,325	37,295	17,083	20,212
Total Operation of Non-Instructional Services	20,325	37,295	17,083	20,212
<i>Total Expenditures</i>	<i>20,325</i>	<i>37,295</i>	<i>17,083</i>	<i>20,212</i>
Net Change in Fund Balance	(20,294)	(20,295)	(615)	19,680
Fund Balance (Deficit) at The Beginning of Year	20,296	20,296	20,296	-
Fund Balance (Deficit) at The End of Year	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 19,681</u>	<u>\$ 19,680</u>

Chardon Local School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Plus Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 48,022	\$ 48,022	\$ 48,022	\$ -
Interest	118	118	118	-
Total Revenues	48,140	48,140	48,140	-
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Materials and Supplies	107,371	107,371	107,371	-
Capital Outlay - New	34,022	34,022	-	34,022
Total Instructional Staff	141,393	141,393	107,371	34,022
Total Support Services	141,393	141,393	107,371	34,022
<i>Total Expenditures</i>	<i>141,393</i>	<i>141,393</i>	<i>107,371</i>	<i>34,022</i>
<i>Excess of Revenues Over/(Under) Expenditures</i>	<i>(93,253)</i>	<i>(93,253)</i>	<i>(59,231)</i>	<i>34,022</i>
Other Financing Sources (Uses):				
Transfers Out	(1,677)	(1,677)	(1,677)	-
<i>Total Other Financing Sources (Uses)</i>	<i>(1,677)</i>	<i>(1,677)</i>	<i>(1,677)</i>	<i>-</i>
Net Change in Fund Balance	(94,930)	(94,930)	(60,908)	34,022
Fund Balance (Deficit) at The Beginning of Year	604	604	604	-
Prior Year Encumbrances Appropriated	94,326	94,326	94,326	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,022</u>	<u>\$ 34,022</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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Food Services	\$ 587,830	\$ 607,144	\$ 593,858	\$ (13,286)
<i>Total Operating Revenues</i>	587,830	607,144	593,858	(13,286)
Operating Expenses:				
Salaries:				
Food Services Operation	331,637	326,042	324,555	1,487
Total Salaries	331,637	326,042	324,555	1,487
Fringe Benefits:				
Food Services Operation	97,917	114,901	114,399	502
Total Fringe Benefits	97,917	114,901	114,399	502
Purchased Services:				
Food Services Operation	2,500	2,114	2,005	109
Total Purchased Services	2,500	2,114	2,005	109
Supplies and Materials:				
Food Services Operation	329,360	338,854	337,394	1,460
Total Supplies and Materials	329,360	338,854	337,394	1,460
Capital Outlay - Replacement:				
Food Services Operation	1,300	257	256	1
Total Capital Outlay - Replacement	1,300	257	256	1
<i>Total Operating Expenses</i>	<u>762,714</u>	<u>782,168</u>	<u>778,609</u>	<u>3,559</u>
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(174,884)	(175,024)	(184,751)	(9,727)
Non-Operating Revenues/(Expenses):				
Intergovernmental Revenues	95,879	99,029	110,505	11,476
Interest	1,361	1,406	1,308	(98)
Miscellaneous Revenues	6,227	6,432	8,288	1,856
Transfers In	40,000	40,000	40,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>143,467</u>	<u>146,867</u>	<u>160,101</u>	<u>13,234</u>
Net Change in Fund Balance	(31,417)	(28,157)	(24,650)	3,507
Fund Balance (Deficit) at The Beginning of Year	28,158	28,158	28,158	-
Prior Year Encumbrances Appropriated	3,260	3,260	3,260	-
Fund Balance (Deficit) at The End of Year	<u>\$ 1</u>	<u>\$ 3,261</u>	<u>\$ 6,768</u>	<u>\$ 3,507</u>

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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Classroom Materials and Fees	\$ 13,519	\$ 30,938	\$ 30,818	\$ (120)
<i>Total Operating Revenues</i>	13,519	30,938	30,818	(120)
Operating Expenses:				
Salaries:				
Regular Instruction	31,716	40,135	32,209	7,926
Total Salaries	31,716	40,135	32,209	7,926
<i>Total Operating Expenses</i>	31,716	40,135	32,209	7,926
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(18,197)	(9,197)	(1,391)	7,806
Non-Operating Revenues/(Expenses):				
Advances In	9,000	-	-	-
<i>Total Other Financing Sources (Uses)</i>	9,000	-	-	-
Net Change in Fund Balance	(9,197)	(9,197)	(1,391)	7,806
Fund Balance (Deficit) at The Beginning of Year	9,197	9,197	9,197	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,806</u>	<u>\$ 7,806</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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Tuition	\$ -	\$ 19,830	\$ 26,185	\$ 6,355
Total Operating Revenues	-	19,830	26,185	6,355
Operating Expenses:				
Salaries:				
Regular Instruction	29,726	51,505	24,640	26,865
Administration	1,250	1,145	548	597
Total Salaries	30,976	52,650	25,188	27,462
Fringe Benefits:				
Regular Instruction	5,243	8,217	3,888	4,329
Administration	276	677	324	353
Total Fringe Benefits	5,519	8,894	4,212	4,682
Purchased Services:				
Regular Instruction	-	5,295	5,295	-
Total Purchased Services	-	5,295	5,295	-
Supplies and Materials:				
Regular Instruction	816	1,649	789	860
Pupils	235	491	235	256
Administration	4	345	165	180
Total Supplies and Materials	1,055	2,485	1,189	1,296
Total Operating Expenses	37,550	69,324	35,884	33,440
Excess of Operating Revenues Over/ (Under) Operating Expenses	(37,550)	(49,494)	(9,699)	39,795
Non-Operating Revenues/(Expenses):				
Intergovernmental Revenues	-	6,475	20	(6,455)
<i>Total Other Financing Sources (Uses)</i>	-	6,475	20	(6,455)
Net Change in Fund Balance	(37,550)	(43,019)	(9,679)	33,340
Fund Balance (Deficit) at The Beginning of Year	48,703	48,703	48,703	-
Prior Year Encumbrances Appropriated	142	142	142	-
Fund Balance (Deficit) at The End of Year	<u>\$ 11,295</u>	<u>\$ 5,826</u>	<u>\$ 39,166</u>	<u>\$ 33,340</u>

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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Tuition	\$ -	\$ 20,010	\$ 19,910	\$ (100)
<i>Total Operating Revenues</i>	-	20,010	19,910	(100)
Operating Expenses:				
Salaries:				
Adult/Continuing Instruction	-	13,323	12,381	942
Total Salaries	-	13,323	12,381	942
Fringe Benefits:				
Adult/Continuing Instruction	-	2,059	1,913	146
Total Fringe Benefits	-	2,059	1,913	146
Purchased Services:				
Adult/Continuing Instruction	16,655	21,689	14,657	7,032
Total Purchased Services	16,655	21,689	14,657	7,032
Supplies and Materials:				
Adult/Continuing Instruction	200	215	24	191
Total Supplies and Materials	200	215	24	191
Other:				
Adult/Continuing Instruction	350	377	161	216
Total Other	350	377	161	216
<i>Total Operating Expenses</i>	17,205	37,663	29,136	8,527
Net Change in Fund Balance	(17,205)	(17,653)	(9,226)	8,427
Fund Balance (Deficit) at The Beginning of Year	17,653	17,653	17,653	-
Prior Year Encumbrances Appropriated	1,655	1,655	1,655	-
Fund Balance (Deficit) at The End of Year	<u>\$ 2,103</u>	<u>\$ 1,655</u>	<u>\$ 10,082</u>	<u>\$ 8,427</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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Charges for Services	\$ 1,982,600	\$ 2,368,137	\$ 2,368,137	\$ -
<i>Total Operating Revenues</i>	1,982,600	2,368,137	2,368,137	-
Operating Expenses:				
Purchased Services:				
Central Support Services	395,771	498,308	405,549	92,759
Total Purchased Services	395,771	498,308	405,549	92,759
Other:				
Central Support Services	1,860,000	2,403,000	2,035,054	367,946
Total Other	1,860,000	2,403,000	2,035,054	367,946
<i>Total Operating Expenses</i>	2,255,771	2,901,308	2,440,603	460,705
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(273,171)	(533,171)	(72,466)	460,705
Non-Operating Revenues/(Expenses):				
Transfers In	-	260,000	260,000	-
<i>Total Other Financing Sources (Uses)</i>	-	260,000	260,000	-
Net Change in Fund Balance	(273,171)	(273,171)	187,534	460,705
Fund Balance (Deficit) at The Beginning of Year	123,171	123,171	123,171	-
Prior Year Encumbrances Appropriated	150,000	150,000	150,000	-
Fund Balance (Deficit) at The End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,705</u>	<u>\$ 460,705</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, 2003

	Budgeted Amount		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Interest	\$ -	\$ 2,576	\$ 2,064	\$ (512)
Other Operating Revenues	-	1,036	830	(206)
<i>Total Operating Revenues</i>	-	3,612	2,894	(718)
Operating Expenses:				
Other:				
Pupils	9,446	15,000	1,125	13,875
Total Other	9,446	15,000	1,125	13,875
<i>Total Operating Expenses</i>	9,446	15,000	1,125	13,875
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(9,446)	(11,388)	1,769	13,157
Non-Operating Revenues/(Expenses):				
Miscellaneous Revenues	-	2,388	2,388	-
<i>Total Other Financing Sources (Uses)</i>	-	2,388	2,388	-
Net Change in Fund Balance	(9,446)	(9,000)	4,157	13,157
Fund Balance (Deficit) at The Beginning of Year	142,862	142,862	142,862	-
Fund Balance (Deficit) at The End of Year	<u>\$ 133,416</u>	<u>\$ 133,862</u>	<u>\$ 147,019</u>	<u>\$ 13,157</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

	2003		2002		2001
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	
Program Revenues					
Charges for Services		N/A	\$ 551,925	N/A	N/A
Operating Grants and Contributions		N/A	1,481,329	N/A	N/A
General Revenues					
Taxes	16,544,623	\$ 16,640,931	15,216,737	\$ 15,216,737	\$ 14,264,615
Intergovernmental	9,237,391	7,614,232	7,599,207	7,646,777	6,977,629
Interest	92,328	84,422	131,864	115,920	193,856
Tuition and Fees	135,069	135,069	-	-	187,211
Classroom Materials and Fees	132,821	125,774	-	117,216	-
Extracurricular Activities	250,365	35,359	-	33,043	22,465
Payment in Lieu of Taxes	8,038	8,038	-	-	-
Rentals	-	-	-	-	69,220
Transportation Fee	9,395	9,395	-	21,008	-
Gain on Sales of Capital Asset	-	-	1,327	-	-
Miscellaneous	335,222	252,600	141,842	202,854	372,390
Transfers	(39,812)	-	23,267	-	-
Total	\$ 26,705,440	\$ 24,905,820	\$ 25,147,498	\$ 23,353,555	\$ 22,087,386
Expenses/Expenditures					
Current:					
Instruction:					
Regular	\$ 11,276,214	\$ 10,961,785	\$ 10,510,930	\$ 9,741,193	\$ 9,182,563
Special	2,419,958	2,211,004	1,940,607	1,718,973	2,006,638
Vocational	259,367	252,416	243,240	237,428	202,198
Other	152,132	152,132	210,426	210,426	-
Support Services:					
Pupil	1,475,300	1,038,277	1,325,621	1,114,390	876,703
Instructional Staff	1,067,277	871,900	908,405	858,778	767,296
Board of Education	34,747	34,559	48,091	41,151	51,710
Administration	2,079,458	2,078,100	1,944,781	1,897,271	1,838,176
Fiscal	662,530	663,506	705,015	701,718	630,525
Business	345,242	346,152	323,909	318,878	266,331
Operation and Maintenance of Plant	2,425,376	2,214,997	1,516,021	2,051,894	1,999,208
Pupil Transportation	2,058,271	2,064,765	1,686,187	1,790,935	2,172,874
Central	179,906	153,893	217,090	191,575	125,981
Operation of Non-instructional Services	952,175	47,723	912,238	44,363	91,629
Extracurricular Activities	647,373	355,723	591,572	338,550	337,411
Capital Outlay	-	288,875	-	411,608	322,234
Debt Service	-	-	11,861	-	-
Total	\$ 26,035,326	\$ 23,735,807	\$ 23,095,994	\$ 21,669,131	\$ 20,871,477

Source: School District Financial Records

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

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	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
\$	11,964,463	\$ 12,041,895	\$ 11,708,682	\$ 12,272,914	\$ 10,217,600	\$ 9,063,781	\$ 8,754,824
	6,210,276	5,833,639	5,162,280	4,956,941	4,637,742	4,517,304	4,367,009
	213,538	189,717	159,785	138,985	119,495	109,806	106,985
	119,357	108,910	122,423	122,906	199,070	159,428	93,170
	-	-	-	-	-	-	-
	23,969	923	24,218	23,520	21,705	21,798	22,398
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	213,776	132,614	383,217	127,433	101,823	94,942	83,264
	-	-	-	-	-	-	-
<u>\$</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>	<u>\$ 13,427,650</u>
\$	9,031,286	\$ 8,766,671	\$ 7,993,438	\$ 8,258,079	\$ 7,705,985	\$ 7,218,286	\$ 7,228,612
	1,682,687	1,295,931	1,036,258	1,160,420	873,637	821,436	778,378
	213,127	209,116	343,640	352,539	287,302	279,461	268,432
	86,277	42,007	89,275	74,528	66,714	62,663	101,914
	787,874	692,340	632,733	603,625	542,274	519,958	475,970
	625,274	697,867	471,804	524,222	456,521	430,378	450,531
	36,874	43,257	50,333	27,301	73,774	31,689	24,461
	1,672,156	1,608,187	1,312,185	1,354,287	1,232,605	1,335,296	1,346,661
	764,460	632,471	617,070	635,250	522,523	425,379	370,012
	298,745	268,896	238,235	240,782	213,650	220,912	222,567
	1,924,341	1,766,499	1,674,545	1,643,388	1,726,300	1,488,543	1,574,323
	1,602,288	1,480,629	1,274,185	1,391,246	1,286,986	1,331,957	1,411,812
	113,078	100,555	53,105	48,653	9,233	13,478	151,994
	80,536	70,056	66,549	62,429	61,551	24,010	33,030
	304,464	289,501	282,057	282,360	267,615	251,098	249,686
	395,394	536,413	262,622	161,128	137,343	243,238	188,728
	-	-	-	-	-	-	-
<u>\$</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>	<u>\$ 14,877,111</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
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
1993	9,540,131	495,634	10,035,765	9,323,989	97.73	191,860	9,515,849	99.75

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 2003 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
Property Tax Levies and Collections
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)	
2003	\$498,988,630	\$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	394,353,260	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
1994	255,424,350	729,783,357	25,582,960	29,071,545	22,472,260	89,889,040	303,479,570	848,743,942	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
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
1993	55.00	1.50	11.20	9.20	1.00	77.90	0.70	0.30	1.00

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 Calendar 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
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	-
1994	\$ 135,000	303,479,570	17,569	0.04	\$ 7.68

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, 2003

Jurisdiction	Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct:			
Chardon Local School District	\$ <u>0</u>	99.65%	\$ <u>0</u>
Overlapping:			
Geauga County	4,723,947	21.17	1,000,059
Chardon Village	3,830,000	26.96	1,032,568
Munson Township	<u>100,000</u>	35.80	<u>35,800</u>
Total Overlapping	<u>8,653,947</u>		<u>2,068,427</u>
Totals:	\$ <u><u>8,653,947</u></u>		\$ <u><u>2,068,427</u></u>

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 2003 collection year.

Chardon Local School District
Computation of Legal Debt Margin
June 30, 2003

Assessed Valuation	<u><u>\$555,073,550</u></u>
Debt Limit – 9% of Assessed Value (1)	49,956,620
Amount of Debt Applicable	<u>0</u>
Overall Debt Margin	<u><u>\$49,956,620</u></u>
Debt Limit – 0.10% of Assessed Value (1)	\$555,074
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u><u>\$555,074</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
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
1994	135,000	6,750	141,750	14,877,111	0.95

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)
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
1993	82,094	17,569	2,863	5.4

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
2002	\$ 451,161,920	\$ 286,335,000	\$ 1,759,906,232	\$ 9,787,059	\$ 5,199,193	\$ 11,417,206	\$ 32,570,998
2001	434,458,190	253,635,000	212,264,882	3,238,777	3,746,235	9,899,308	11,264,100
2000	416,470,710	222,518,000	199,824,566	7,228,590	6,016,722	10,605,590	9,355,117
1999	340,161,560	249,478,000	65,015,002	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
1993	215,147,080	184,462,000	23,820,980	3,369,260	6,434,164	2,923,110	5,295,500

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

(1) Represents assessed value.

Chardon Local School District
Principal Taxpayers
Real Property Tax
December 31, 2002

Taxpayer	Assessed Value (1)	Percentage of Total Real Property Tax Assessed Value
Maple Leaf Plaza, LLC.	\$ 2,495,610	0.55%
Structural North America	2,436,250	0.49
Joseph K. Juster	2,368,040	0.48
G.P Carrollton, LLC.	2,216,000	0.45
Chardon Village	1,424,430	0.29
Center Six Corporation	1,375,520	0.28
Chardon Hill Apartments	1,328,530	0.27
Burlington Group, Inc.	1,272,970	0.26
Rhein Chemie Corporation	1,154,690	0.22
Triax Company	1,078,350	0.20
	\$ <u>17,150,390</u>	<u>3.44%</u>
Total Real Property Tax Assessed Valuation	\$ <u>498,998,630</u>	

Sources: Geauga County Auditor

(1) Assessed values are for the 2003 collection year

Chardon Local School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2002

Taxpayer	Assessed Value(1)	Percentage of Total Tangible Personal Property Tax Assessed Value
Eltech System Corporation	\$ 4,092,510	11.18%
Essef Corporation	3,632,330	9.92
Bert Sand Corporation	2,472,720	6.76
Unova Industrial Automated System, Inc.	1,494,180	4.08
Junction Auto Sales	1,362,670	3.72
Bayer Corporation	1,342,810	3.67
Chardon Rubber	1,060,250	2.90
Classic Ford/Mercury	902,930	2.47
Mikolsky	736,190	2.01
Chardon Metal Production	<u>655,020</u>	<u>1.76</u>
	\$ <u><u>17,751,610</u></u>	<u><u>48.47%</u></u>
Total Tangible Personal Property Tax Assessed Valuation	\$ <u><u>36,624,010</u></u>	

Sources: Geauga County Auditor

(1) Assessed values are for the 2003 collection year

Chardon Local School District
Principal Taxpayers
Public Utilities Tangible Property Tax
December 31, 2002

Taxpayer	Assessed Value(1)	Percentage of Total Public Utility Tangible Property Tax Assessed Value
Cleveland Electric Illuminating	\$ 9,358,200	48.12%
Western Reserve Telephone	4,798,090	24.67
American Transmission	1,261,770	6.49
East Ohio Gas	532,120	2.73
	\$ 15,950,180	82.01%
 Total Public Utility Tangible Property Tax Assessed Valuation	 \$ 19,450,910	

Sources: Geauga County Auditor

(1) Assessed values are for the 2003 collection year

Chardon Local School District
Per Pupil Cost
Last Ten Fiscal Years

Year	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
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
1994	14,877,111	2,863	5,196

Sources: School District Financial Records

Chardon Local School District
 Teacher Education and Experience
 June 30, 2003

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	26	12.56%
Bachelor + 18 hours	16	7.73%
Bachelor + 30 hours	21	10.14%
Master's Degree	83	40.10%
Master's + 18 Hours	17	8.21%
Master's + 30 Hours	37	17.87%
Master's + 45 Hours	3	1.45%
PHD's	<u>4</u>	<u>1.94%</u>
Total	<u><u>207</u></u>	<u><u>100.00%</u></u>

<u>Year of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	28	13.53%
6 - 10	49	23.67%
11 and Over	<u>130</u>	<u>62.80%</u>
Total	<u><u>207</u></u>	<u><u>100.00%</u></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
MARCH 23, 2004**