

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$0	\$59,926	\$0	\$59,926
National School Lunch Program	LLP4 2003	10.555	44,562	0	44,562	0
National School Lunch Program	LLP4 2004	10.555	93,537	0	93,537	0
Total National School Lunch Program			<u>138,099</u>	<u>0</u>	<u>138,099</u>	<u>0</u>
Special Milk Program for Children	02PU 2003	10.556	5,252	0	5,252	0
Special Milk Program for Children	02PU 2004	10.556	10,318	0	10,318	0
Total Special Milk Program for Children			<u>15,570</u>	<u>0</u>	<u>15,570</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>153,669</u>	<u>59,926</u>	<u>153,669</u>	<u>59,926</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education: Grants to States	6BSF 2003	84.027	0	0	109,473	0
Special Education: Grants to States	6BSF 2004	84.027	769,535	0	650,832	0
Total Special Education: Grants to States			<u>769,535</u>	<u>0</u>	<u>760,305</u>	<u>0</u>
Special Education: Preschool Grants	PGS1 2003	84.173	0	0	674	0
Special Education: Preschool Grants	PGS1 2004	84.173	18,232	0	18,232	0
Total Special Education: Preschool Grants			<u>18,232</u>	<u>0</u>	<u>18,906</u>	<u>0</u>
Total Special Education Cluster			<u>787,767</u>	<u>0</u>	<u>779,211</u>	<u>0</u>
Title I Grants to Local Educational Agencies	C1S1 2003	84.010	(44,598)	0	58,450	0
Title I Grants to Local Educational Agencies	C1S1 2004	84.010	736,683	0	507,410	0
Total Title I Grants to Local Educational Agencies			<u>692,085</u>	<u>0</u>	<u>565,860</u>	<u>0</u>
Innovative Education Program Strategies	C2S1 2003	84.298	347	0	7,968	0
Innovative Education Program Strategies	C2S1 2004	84.298	53,245	0	39,174	0
Total Innovative Education Program Strategies			<u>53,592</u>	<u>0</u>	<u>47,142</u>	<u>0</u>
Safe and Drug-Free Schools and Communities: State Grants	DRS1 2003	84.186	(22)	0	1,557	0
Safe and Drug-Free Schools and Communities: State Grants	DRS1 2004	84.186	28,126	0	21,736	0
Total Safe and Drug-Free Schools and Communities			<u>28,104</u>	<u>0</u>	<u>23,293</u>	<u>0</u>
<i>Direct Program:</i>						
Presidential Award - National Grant	N/A	N/A	0	0	1,976	0
English Language Acquisition Grants (Title III)	T3S1 2003	84.365	(2,351)	0	1,932	0
English Language Acquisition Grants (Title III)	T3S1 2004	84.365	35,663	0	35,399	0
English Language Acquisition Grants (Title III)	T3S2 2004	84.365	18,577	0	18,542	0
Total English Language Acquisition Grants (Title III)			<u>51,889</u>	<u>0</u>	<u>55,873</u>	<u>0</u>
Alternative Education	T4S1 2004	84.184C	15,885	0	18,739	0
Technology Literacy Challenge Fund Grants	TJS1 2003	84.318	(3,312)	0	325	0
Technology Literacy Challenge Fund Grants	TJS1 2003	84.318	23,229	0	13,421	0
Total Technology Literacy Challenge Fund Grants			<u>19,917</u>	<u>0</u>	<u>13,746</u>	<u>0</u>
Improving Teacher Quality State Grants	TRS1 2003	84.367	(1,366)	0	29,592	0
Improving Teacher Quality State Grants	TRS1 2004	84.367	190,581	0	161,887	0
Total Improving Teacher Quality State Grants			<u>189,215</u>	<u>0</u>	<u>191,479</u>	<u>0</u>
Total U.S. Department of Education			<u>1,838,454</u>	<u>0</u>	<u>1,697,319</u>	<u>0</u>
U. S. Department of Health and Human Services						
<i>Passed Through the Ohio Department of MRDD:</i>						
Temporary Assistance for Needy Families	N/A	93.558	49,840	0	49,840	0
Medical Assistance Program (Medicaid)	N/A	93.778	201,110	0	201,109	0
Total U.S. Department of Health and Human Services			<u>250,950</u>	<u>0</u>	<u>250,949</u>	<u>0</u>
Total Federal Assistance			<u>\$2,243,073</u>	<u>\$59,926</u>	<u>\$2,101,937</u>	<u>\$59,926</u>

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

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
FOR THE YEAR ENDED JUNE 30, 2004**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

NOTE C - NATIONAL SCHOOL LUNCH AND SPECIAL MILK PROGRAMS

Federal monies received by the District for these programs are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

NOTE D - CARRYOVER FUNDS

Negative receipts are shown in the Title I Grant, CFDA #84.010; Safe and Drug Free Schools, CFDA #84.186; English Language Acquisition Grants, CFDA #84.365; Technology Literacy Challenge Fund Grants, CFDA #84.318; and Improving Teacher Quality State Grants, CFDA #84.367. These negative receipts represent monies on the Final Expenditure Report that were unspent after the initial period of availability. These monies were in accordance with allowable carryover provisions and added to the following fiscal year award amounts.

CFDA - Catalog of Federal Domestic Assistance



Auditor of State Betty Montgomery

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

Board of Education
Shaker Heights City School District
Cuyahoga County
15600 Parkland Drive
Shaker Heights, OH 44120

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the District's management in a separate letter dated December 21, 2004.

This report is intended solely for the information and use of the audit committee, management, 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.

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

Betty Montgomery
Auditor of State

December 21, 2004



Auditor of State Betty Montgomery

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

Board of Education
Shaker Heights City School District
Cuyahoga County
15600 Parkland Drive
Shaker Heights, Ohio 44120

Compliance

We have audited the compliance of the Shaker Heights City School District, Cuyahoga County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the Shaker Heights City School District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 21, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, 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.



Betty Montgomery
Auditor of State

December 21, 2004

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
FOR THE YEAR ENDED JUNE 30, 2004**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

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 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 Sec. 510?</i>	No
(d)(1)(vii)	<i>Major Programs (list)</i>	CFDA # 84.027 & 84.173 – Special Education Cluster; CFDA # 93.778 – Medical Assistance Program
(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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Issued By:
Treasurer's Office
Bryan C. Christman
Treasurer



The Mission of the Schools

The District will nurture, educate, and graduate students who are civic-minded and prepared to make ethical decisions; who are confident, competent communicators, skillful in problem solving, capable of creative thinking; who have a career motivation and a knowledge of our global and multicultural society.

Shaker

Introductory Section

SHAKER HEIGHTS CITY SCHOOL DISTRICT
SHAKER HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Issued By:
Treasurer's Office
Bryan C. Christman
Treasurer

Shaker Heights City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2004
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SHAKER HEIGHTS CITY SCHOOL DISTRICT

BOARD OF EDUCATION
15600 Parkland Drive
Shaker Heights, Ohio 44120
(216) 295-4000

MARK FREEMAN, Ph.D.
Superintendent

BRYAN C. CHRISTMAN
Treasurer

December 21, 2004

Members of the Board of Education and
Residents of the Shaker Heights City School District

Dear Board Members and Residents:

We are pleased to submit to you the Shaker Heights City School District's seventh Comprehensive Annual Financial Report (CAFR). This report is the School District's official annual financial report for the fiscal year that ended June 30, 2004. This report presents the School District's financial information in a comprehensive manner consistent with the Generally Accepted Accounting Principles (GAAP) applicable to all governmental entities. Generally Accepted Accounting Principles are uniform minimum standards and guidelines for financial accounting and reporting. These national standards provide a consistent and standard format for the reader to analyze and interpret the financial data presented. The Government Accounting Standards Board (GASB) is the authoritative body that prescribes and administers the guidelines and standards relative to financial reporting. This report also includes an unqualified opinion from the Auditor of State's Office for the 2004 fiscal year.

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 is accurate in all material respects and presents fairly the financial position of the School District.

This report has been filed with the appropriate regulatory agencies as well as the major bond rating agencies. Copies have also been provided to the Shaker Heights League of Women Voters, the Shaker Heights City School District Finance & Audit Committee, the Shaker Heights City School District Parent Teacher Organization (PTO) Council, the City of Shaker Heights, and the Shaker Heights Community Associations, among others. Copies are available in the Treasurer's Office for all other interested parties.

This report is presented in four sections:

The Introductory Section contains the table of contents, this letter of transmittal, a list of principal officials, an organizational chart of the School District, a map of the School District, the GFOA Certificate of Achievement, and the ASBO Certificate of Excellence. This transmittal letter is presented in a less technical manner than the information in the remaining three sections and the reader may find this to be the most reader-friendly section of the report. We recommend, however, that the entire report be reviewed.

The Financial Section begins with the Independent Accountants' Report offered by the Auditor of State's Office and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes, which provide an overview of the School District's financial position and operating results as of June 30, 2004. The Combining Statements by Fund Type and other schedules provide detailed information relative to the Basic Financial Statements. This section contains a significant amount of detailed financial and budgetary information that will be particularly useful to the investment community.

The Statistical Section presents social, economic and financial data, in addition to student enrollment and School District staffing information. These schedules are presented for a multiple-year time period.

The Supplemental Information Section contains a report based on the expenditure flow model prepared by the Ohio Department of Education.

The Shaker Heights City School District

The Shaker schools were founded in 1912. Theodore Roosevelt split the Republican party, the country elected Woodrow Wilson president, there was trouble below the Rio Grande with Pancho Villa, the *Titanic* sank, Ohio was adopting a new constitution - and Shaker Heights opened its first public school.

The "school" was in the Van Sweringen real estate office at Lee Road and Shaker Boulevard, and four teachers and 26 students constituted its population. The first school board looked ahead, planned well, worked hard and got off on the right foot. It had to, for along with the rapid construction of new homes came a tremendous growth in the school population. Today, there are more than 5,600 students in the Shaker schools.

The little real estate office was gradually supplanted by twelve modern buildings over a 50-year period. The buildings were constructed in the following order:

1914 - Boulevard School, at Drexmore and Southington Roads. *A new wing was added to this facility in 1990.*

1918 - Woodbury Elementary, on South Woodland at Woodbury Road. *Originally used as the Senior High School until 1931, then renamed Woodbury Junior High. In 1985 it was converted to an upper elementary school that serves students in grades five and six.*

1922 - Malvern School, at Malvern and Falmouth Roads. *Sold to the City of Shaker Heights, it now houses a private school.*

1922 - Sussex School, on Sussex at Norwood Road. *Sold to the City of Shaker Heights, it serves as a center for several preschools and the Shaker Family Center, a non-profit organization serving families with young children. The School District's Pre-K program for children with disabilities was relocated there in the fall of 1999.*

1923 - Onaway School, at Onaway and Woodbury Roads. *A new classroom wing was added to this facility in 1990.*

1924 - Moreland School, at Van Aken Boulevard (then known as Moreland Boulevard and Lee Road). *Sold to the City of Shaker Heights and serves as the community's new main library.*

1927 - Fernway School, at Fernway and Ardmore Roads.

1927 - Ludlow School, at Southington and Ludlow Roads. *Now houses the Positive Education Program (PEP) operated by the county.*

1928 - Lomond School, on Lomond Boulevard at Strandhill and Palmerston Roads.

1931 - Shaker Heights High School, on Aldersyde Drive at Onaway Road. *A new handicapped accessible front entrance and gym/music wing was added in 1999.*

1952 - Mercer School, on Wimbledon Road off of Green Road and Shaker Boulevard.

1957 - Shaker Heights Middle School, on Shaker Boulevard and Warrensville Center Road, *formerly known as Byron Junior High.*

1962 - Administration Building, on Parkland at Ashford Road.

When the Shaker schools were opened, they were organized on the 8-4 plan, with an eight-year elementary school and a four-year senior high school. As the school population grew and new buildings were constructed, the School District shifted to a 6-3-3 plan, with six-year elementary schools, a three-year junior high and a three-year high school. This plan was followed from 1931 until 1985, when Byron Junior High became Shaker Heights Middle School, housing all seventh and eighth graders. Two years later, the elementary organization changed again to its current configuration to reflect shifts in student enrollment. Four K-6 schools were closed, and five of the remaining buildings were converted to K-4 schools, while Woodbury became an upper elementary school serving fifth and sixth graders. The High School houses all ninth through twelfth graders.

Dr. C. A. Bowers, an early President of the Shaker Heights Board of Education, wrote the following about Shaker's proud history of educational excellence:

Conceived in a vision that was unique and, in a way, that has few parallels in American public school education, the system of Shaker Heights Schools has upheld the high purposes of the founders of the village. The early Board members caught this spirit; succeeding boards have changed it but little. The loyal support given by our superintendents, principals, teachers, and the business and maintenance staffs has created a true Shaker spirit.

That "Shaker spirit" is still very much alive today as the Shaker Heights Schools continue to demonstrate the educational excellence which has been the hallmark of their distinguished history.

The Shaker Heights City School District is one of 612 school districts in the State of Ohio and one of 31 school districts in Cuyahoga County. The School District is the 57th largest in student enrollment in Ohio, with an enrollment of 5,623 students for the 2004 academic year. The School District covers approximately 7.5 square miles, including all of the City of Shaker Heights and a portion of the City of Cleveland in the Shaker Square area, and is located approximately ten miles southeast of downtown Cleveland.

Organizational Structure

Statutorily, the School District operates under the standard prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide educational services prescribed by State and Federal agencies. The Board of Education is made up of five members elected at large, for overlapping four-year terms. The Board of Education elects its President and Vice President annually, and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer.

The Reporting Entity

The School District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the 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 Shaker Heights, the City of Cleveland, the Parent-Teacher Organization and the parochial and private schools.

The School District is associated with three organizations, the Lakeshore Northeast Ohio Computer Association (LNOCA), the Ohio Schools' Council Association (OSC) and the Shaker Heights Public Library. LNOCA and OSC are jointly-governed organizations whose relationships to the School District are described in Note 15 to the accompanying financial statements. The Shaker Heights Library is a related organization and is described in Note 16 to the accompanying financial statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the accompanying financial statements.

2004 Major Initiatives

Academic Achievement

With the support of faculty, parents, and local residents, our students continued to excel in academics, the arts, athletics, and community service. Approximately 14 percent of the Class of 2004 earned honors in the National Merit and National Achievement scholarship competitions, compared with 2 percent nationally. This again places Shaker in the top ranks of Ohio schools using this nationally accepted "gold standard" of scholastic achievement. Each year since the inception of the National Merit program in 1956, Shaker has far outpaced the national average in the production of these scholars.

Approximately 33 percent of eligible students at Shaker Heights High School took one or more Advanced Placement (AP) classes this year. In May 2004, 363 sophomores, juniors, and seniors took 817 AP examinations, with 89 percent earning a score of 3 or higher. Based on their outstanding performance on the national Advanced Placement examinations, 122 Shaker students were named AP Scholars in December 2004.

Shaker Heights students continue to be sought after by colleges. More than 40 members of the Class of 2004 (over 11 percent) were accepted early into their first-choice colleges, including some of the most selective in the nation. More than 90 percent of graduating seniors plan to attend college after graduation.

Teams and individual students won numerous awards in mathematics, science, history, music, foreign language and the fine arts. Our student athletes had another outstanding year of interscholastic success and groups such as Student Council and Youth Ending Hunger involved many Shaker students in helpful community service activities. The list of accomplishments goes on and on.

Helping each student reach his/her potential academically continues to be the paramount goal of the School District. Building on the adoption of the Continuous Improvement Plan and the National School Boards Association's achievement initiatives, student achievement issues remained a major focus of Board of Education meetings. Formal presentations were made at regularly scheduled Board of Education meetings covering the following topics:

- Initiatives to improve student achievement
- New procedures for teacher evaluation
- Special education
- Shaker Schools Foundation
- Financial report and capital needs
- Fact Book
- Study Circles

Technology

Shaker-Net, the School District's computer network, now consists of 20 servers and approximately 1,200 client computers in 12 buildings connected by fiber optic cables. This past summer the entire network operating system was upgraded to Microsoft Server 2003 and a limited number of aging computers were replaced with new ones. The e-mail system was upgraded to Exchange 2003, giving our faculty and staff

a more robust web and client-based mail system. Other improvements included additional Cisco switches in all major closets and workgroup switches were upgraded throughout the School District. In addition, two more T1 circuit connections to LNOCA were added to increase bandwidth to the Internet and student services systems. Additional network drops were installed in building locations not previously wired using initial School Net funds.

Capital Improvements

Capital projects undertaken over the summer included flooring repairs and replacement throughout the School District, repairs to sidewalks and stairs, roof work at Mercer and the High School, reconfiguration of the main office at the Middle School and the assistant principals' office area at the High School, a few door replacements, an exhaust fan in the main gym at Woodbury, and upgraded fire-suppression systems in the kitchens at Woodbury, the Middle School and the High School. The roof of the electrical vault at the High School was replaced. In addition, the School District's bus fleet achieved 100 percent pass rate on state inspections for the twelfth consecutive year--a major accomplishment, in light of the age of the fleet.

In summary, the School District continued to move forward in 2003-2004, maintaining its traditional high standards and challenging curriculum, working to be even more responsive to parents and the community and implementing programs in areas of need --all while continuing to operate within the Board's limits on budgetary growth.

Current and Future Initiatives

The School District continues to study, plan, and implement instructional initiatives aimed at improving the academic achievement of all students. Current instructional initiatives include early intervention, after-school tutoring and summer programming for students; an intensified focus on literacy and mathematics instruction; increased efforts to help students prepare for the Ohio Diagnostic, Achievement and Graduation Tests; the refinement of team teaching approaches at the secondary school level; efforts to increase parental and community involvement; highly focused professional development activities and collaboration with the City of Shaker Heights, the Shaker Heights Public Library, and nonprofit community agencies concerned with the welfare of youth.

Continuous Improvement Plan

The School District continues to be guided by its Continuous Improvement Plan (CIP). Input for this document came from the Board of Education, business representatives, students, parents, faculty members, and residents of the Shaker Heights community. The CIP identifies seven key areas for improvement: curriculum/instruction, academic achievement, assessment/evaluation, professional development, student services, facilities/environment, and parent/community involvement. It includes mission and vision statements for the School District along with priority areas, performance goals, strategies, individuals responsible, timelines, and funding sources. The Continuous Improvement Plan was presented to the Board of Education in 2000, posted on the School District's website and made available to interested members of the community. The plan is updated annually to reflect current District priorities.

Summer Curriculum Writing and Instructional Planning

Many teachers participated in instructional improvement activities over the summer months. Curriculum development and instructional planning occurred in many areas including art, pupil assessment, English/language arts, foreign language, home economics, humanities, mathematics, music, physical education, science, social studies, and theater. In addition, faculty members worked on projects related to the bridges program, effective classroom practices, interdisciplinary instruction, mentoring and curriculum mapping, library, marketing education, minority achievement, peer mediation, special education and technology. Continuing emphasis was placed on professional development, with many teachers involved in summer workshops devoted to improving student achievement.

The central-office and building administrators from the School District met regularly to discuss educational issues, keep informed of current national and state trends, and update professional skills. Information was presented on technology, finance and instructional media. During subsequent meetings, two guest speakers shared their expertise on infusing technology into teaching and the application of

motivational theories to student achievement. A field trip to Hanna Perkins Child Development Center provided an opportunity to learn about the Center's programs for children and families as well as resources available to educators.

Improving Student Achievement Grants

Four years ago, the Shaker Heights City Schools received grant funds from the Cleveland and George Gund Foundations for expanded efforts to enhance overall student performance in the School District. These funds supported the School District's professional development work with Dr. Ronald Ferguson of Harvard University, faculty outreach efforts targeted primarily at African-American students willing to take on the additional challenges of honors and advanced placement coursework, parent involvement activities designed to maximize student achievement, evening meetings featuring adult role models who have succeeded in education and careers, and the development of minority student achievement groups at the upper elementary and middle school levels.

While Shaker's African-American students outperform their peers statewide and nationally in areas including test scores and college attendance, and many are top achievers, Shaker, like many other districts, has experienced an aggregate gap between black and white achievement. Recent analyses point to improvement in the academic performance of African-American students in the Shaker Heights schools. Among the encouraging signs:

- Shaker's passing rates on most Ohio proficiency tests have improved steadily, leading to higher ratings on the State Report Card, due primarily to improved performance by African-American students.
- The number of African-American students taking Honors and Advanced Placement classes at the High School has increased by nearly 50 percent in the past three years, with the largest increase coming in mathematics.
- Data from the Stanford Achievement Test, a nationally normed assessment, confirm that the black-white achievement gap in reading is narrowing between grades 5 and 8.

Taken together, these and other data make a strong case that various efforts to boost achievement are making an impact.

Based on the successes of this initiative and the growing local, state and national concern about improving student achievement in elementary and secondary schools, the two foundations awarded the District an additional \$360,000 over the 2002-2003 and 2003-2004 academic years. These funds have enabled the District to continue the activities underway and augment them by providing extended learning experiences to underachieving students, expanding technology use to help boost mathematics and reading skills, and improving study skills. Foundation assistance will also allow the District to continue its leadership role, sharing research and best practices in greater Cleveland, statewide and nationally, through such vehicles as the Internet, a consortium of first-ring suburban school districts, educational workshop/conferences, and the national Minority Student Achievement Network (MSAN).

Economic Condition and Outlook

The School District serves approximately 29,405 residents in the City of Shaker Heights, and approximately 3,000 for the City of Cleveland. The community is primarily residential in nature with a somewhat diverse base of residents working largely in professional capacities.

Because the School District is a mature, fully-developed, inner ring suburb, its economic strength is largely dependent upon the strength of the Northeast Ohio economy. Because Shaker Heights is home to many management employees, the stability of Cleveland's major employers -- including several Fortune 500 companies -- is important to the continued vitality of this School District. Significant numbers of Shaker Heights residents also work in the medical, cultural, and educational institutions in downtown Cleveland and nearby University Circle.

New growth in the Cleveland area includes the development of the Flats area as a major recreation/entertainment section for Northern Ohio; the opening of the Rock and Roll Hall of Fame and Museum and the Great Lakes Science Center; the development of the Gateway area, including Jacobs Field and Gund Arena, as a sports and entertainment district; the construction of Cleveland Browns Stadium; the expansion of the theater district downtown; and the continued growth of The Cleveland Clinic, University Hospitals of Cleveland, and other institutions in University Circle. Cleveland has provided significant economic growth and strength to our community.

Locally the City of Shaker Heights has been successful in the development of the Shaker Towne Centre shopping area, the expansion of the OfficeMax corporate headquarters, the development of Somerset Point and Sunrise Communities assisted-living facilities, and the location of a new United States Post Office. These local initiatives, combined with Cleveland's economic growth, provide for a stable and desirable economic condition for our School District. The property tax base has continued to grow as a result of appreciation of properties as well as the commercial redevelopment undertaken by the City of Shaker Heights.

The Shaker Square shopping district, which lies in the Cleveland portion of the School District, was purchased and redeveloped during the 2000-2002 time period. The School District, in accordance with a tri-party agreement between the developer and the City of Cleveland, receives 25 percent of the increased property taxes resulting from the redevelopment for the 25-year abatement period. Thereafter, the School District will receive 100 percent of the increased property taxes. Additionally, the School District will receive 50 percent of the increased income taxes collected by the City of Cleveland during the 25-year abatement period for the redevelopment area. The fall 2004 sale to a new local owner has reinvigorated the enthusiasm about the Shaker Square potential and long-term prospects for success.

The City's Strategic Investment Plan, which was developed with significant public input, is currently in the implementation phase. The Plan calls for major additional commercial and residential redevelopment including but not limited to the following:

- Acquisition of property and the new City Fire house in the Shaker Towne Centre area;

- Major redevelopment and expansion of commercial and residential properties in the Shaker Towne Centre complex;

- Building of 16 cluster townhouses known as Sussex Courts - Phase I on the north side of Chagrin Boulevard at Farnsleigh Road;

- Building of 30 cluster townhouses known as Sussex Courts - Phase II on the south side of Chagrin Boulevard at Farnsleigh Road; and

- Development of new residential condominiums on vacant land in the Warwick Road area.

With the completion of the 1999-2000 fiscal year, the School District was successful in funding five successive operating budgets from the 1995 operating levy, only the second time in the School District's history that has occurred. The most recent changes to the School District levies include the 60 percent voter approval of a continuing 9.4 mill operating levy in March 2000, a 65 percent voter approval of a continuing 9.6 mill operating levy in May 2003, and a 68 percent voter approval of a \$23.5 million capital improvement bond issue in November 2004, are the cornerstones upon which the School District's future financial outlook depends. With these resounding reinforcements from the community, the economic outlook for the School District remains favorable.

Financial Management

The Board of Education has adopted three specific policies that guide both the financial planning and the annual appropriation process.

Policy DA, titled *FISCAL MANAGEMENT GOALS*, reads as follows:

The quantity and quality of learning programs are directly dependent on the funding provided and the effective, efficient management of those funds. It follows that the District's purposes can best be achieved through excellent fiscal management.

The District's first obligation is the provision of education to its children. However, the Board of Education recognizes the need to frame educational programs within the fiscal plan. This plan incorporates an annual expense growth rate based upon the rate of inflation (measured by the Consumer Price Index) and the rate of change in student enrollment (measured by the official October Average Daily Membership).

As trustees of the community's investment in plant, facilities, and operational funds, the Board has a responsibility to ensure that the investment is protected and used wisely. Competent personnel and efficient procedures are essential for sound management of fiscal affairs. The Superintendent of Schools and Treasurer will keep the Board of Education informed through reports -- both oral and written -- of the fiscal management of the schools.

The Shaker Heights Board of Education seeks to achieve the following goals:

To engage in thorough planning with staff involvement in order to develop budgets and to guide expenditures to achieve the greatest educational returns and contributions to the educational program in relation to dollars expended.

To establish levels of funding based upon a predetermined annual expense growth rate that will provide high quality education for the District's students.

To use the best available techniques for budget development and management.

Policy DBD, titled *FINANCIAL PLANNING*, reads as follows:

The Shaker Heights Board of Education believes that annual and long-term financial planning are both essential to support current educational programs and the District's long-term educational needs.

Annual financial planning should be an integral part of program planning for the next school year. Such annual financial planning should be a year-round process involving broad participation by the Board of Education, administrators, teachers and other personnel throughout the School District.

The District should also engage in strategic long-term financial planning and attempt to forecast the need for future educational and capital expenditures and the availability of financial resources to meet those needs. Long-term financial planning should result in the development of a strategy to meet educational needs which sets an annual expense growth rate based upon the rate of inflation (measured by the Consumer Price Index) and the rate of change in student enrollment (measured by the official October Average Daily Membership). The Treasurer will prepare long-range financial and budget projections for periodic review by the Board and Superintendent.

The Superintendent and Treasurer are responsible for the annual and long-term financial planning process and will work in close cooperation with the Board of Education.

Policy DB, titled *ANNUAL BUDGET*, reads as follows:

BUDGET

The purpose of the annual operating budget is to identify adequate financial resources for the education program and to provide a basis for accountability in fiscal management. The school budget is also the legal basis for the establishment of tax rates.

Public school budgeting is regulated and controlled by statute and State regulations, and requirements of the Board of Education. A budget is required for every fund that a school district uses in its yearly operation.

The Superintendent of Schools and the Treasurer will be responsible for the preparation of the annual school budget and presentation of the budget to the Shaker Heights Board of Education for adoption.

APPROPRIATIONS

As permitted by law, no later than July 1, the Board of Education will pass a temporary appropriation measure to provide for meeting the ordinary expenses of the District until such time as the Board approves the annual appropriation resolution for the year, which will be no later than October 1.

The Board of Education has assigned responsibility for annual and long-term financial planning to the Superintendent and Treasurer. The policies require that the first objective of financial management planning is to provide for the education of the School District's children. We are expected to use the best available techniques for budget development and management, as well as to engage in strategic, long-term financial planning which attempts to forecast the need for future educational and capital expenditures.

In April of 1995, the Board of Education revised its policies to incorporate the use of expense-growth limitations for future years' spending as a part of long-term financial planning. The annual expense-growth rate was developed using an assumed rate of inflation as measured by the Consumer Price Index and an assumed rate of change in student enrollment measured by the official October Average Daily Membership. These expense-growth limitations were renewed in January 2000.

Financial Information

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

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

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

At the beginning of each fiscal year, the Board of Education adopts a temporary appropriation measure for that fiscal year. By Statute, permanent appropriations must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates. The School District adopts the permanent appropriation measure in September.

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 appropriated at the object level within a function for the general fund, and for all other funds budgets are appropriated at the fund level and controlled at the object account level within a function. All purchase order requests must be approved by the site administrator and the Business Administrator's office and be 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. Effective April 1, 2003 for the accounting system, and July 1, 2003 for the payroll system, the School District converted to State Software Systems operated by the School District's Data Acquisition Site, the Lakeshore Northeast Ohio Computer Association (LNOCA). The conversion is expected to yield improvements in operational efficiencies once additional features such as electronic purchase orders are implemented.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. As an additional safeguard, all employees are covered by a blanket fidelity bond, while certain individuals in policy-making roles are covered by separate, higher limit bonds.

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

Financial Reporting

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Discussion and Analysis of the School District. This discussion appears after the Independent Accountants' Report in the financial section of this report. The Management Discussion and Analysis provides an assessment of the School District's finances for 2004.

Cash Management

The School District has a comprehensive cash management program, which consists of accelerating receipt of revenues and carefully scheduling the disbursement of funds to maximize short-term investment opportunities. The investment program pursues the following objectives, in order of priority: (1) maintain safety of principal; (2) provide for liquidity; and (3) obtain a market rate of return.

The available cash of the School District's individual funds is combined into a single cash pool and invested according to cash flow projections. The School District invests in authorized federal agency securities, STAROhio, an investment pool operated by the Ohio State Treasurer, and high balance savings accounts at the School District's lead banking institution. The authorized maximum investment maturity for operating funds is five years from the date of investment. Interest earned on investments is distributed in accordance with Board of Education authorization. During fiscal year 2004, the School District earned \$169,849 in interest income. Of that amount \$155,601 was credited to the general fund.

The School District's deposits are protected by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institutions holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the 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 strives to provide itself with superior risk coverage at the lowest possible cost to the taxpayers. The School District manages the prescription drug benefits for its employees on a self-insured basis. A third party administrator processes and pays the claims. Because the maximum payment per participant is limited, no individual or aggregate stop-losses are necessary. Reserves at June 30, 2004, are sufficient to meet claim obligations.

For calendar years 1991 through 1993, and 1999 through 2004, the School District participated in the State's workers' compensation retrospective rating plan. This plan involves the payment of a minimum premium for administrative services and stop loss coverage plus the actual claims cost for injured employees. Claim obligations continue for ten years. As of June 30, 2004, the 1991 through 1993 claim years are closed. During calendar years 1994 through 1998, the School District participated in the Ohio Schools' Council Workers' Compensation group rating program.

For fiscal year 2004, the School District contracted with Indiana Insurance Company for property and inland marine insurance. The primary deductibles are \$250 for inland marine and \$5,000 for property coverages. The boiler and machinery policy is provided by Travelers Insurance Company and has a \$1,000 deductible. General liability coverage is provided by Indiana Insurance with a \$1,000,000 single occurrence limit, a \$2,000,000 aggregate, and a \$2,500 deductible. Vehicles, including school buses, are covered by Indiana Insurance with a \$1,000 deductible for comprehensive, and a \$1,000 deductible for collision. There is a \$1,000,000 per accident combined single limit of liability. Additionally, the School District has a \$5,000,000 umbrella policy with Indiana Insurance that covers both general liability and vehicle policies, and Foreign Travel coverage with the Hartford Steam Boiler Company.

Pension Plans

All School District employees are covered by either the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employee salaries. State law requires the School District to pay the employer share as determined by each retirement system. A more detailed discussion of both pension plans can be found in Note 12 to the financial statements in the financial section of this report.

Independent Audit

State statutes require the School District to undergo an annual audit by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. The Auditor of State was selected to render an opinion on the School District's financial statements as of and for the fiscal year ended June 30, 2004. The Auditor's unqualified opinion has been included in this report at the beginning of the financial section. Pursuant to State statute, the Auditor of State prescribes a uniform accounting system to standardize accounting classifications and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system beginning with its financial report for the 1979 fiscal year.

Awards

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Shaker Heights City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate 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.

ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003 to the Shaker Heights City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for fiscal year ended June 30, 2004, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

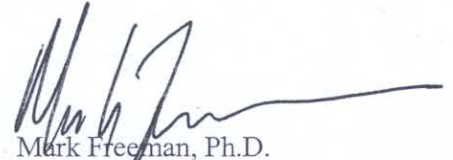
Acknowledgments

The publication of this CAFR enhances the School District's accountability to the citizens of the School District. The preparation of this report would not have been possible without the assistance and support of the staff of the Treasurer's office and numerous other School District staff members. Our appreciation is also expressed to the Auditor of State's Office for their assistance in preparing and reviewing this financial report.

Respectfully submitted,



Bryan C. Christman
Treasurer


Mark Freeman, Ph.D.
Superintendent

Shaker Heights City School District

Principal Officials

June 30, 2004

Board of Education

Mr. Steven S. Kaufman.....President
Mrs. Carol J. Ribar..... Vice-President
Mr. F. Drexel Feeling Member
Mrs. Mary S. Johnson Member
Ms. Freda J. Levenson Member

Administration

Mark Freeman, Ph.D..... Superintendent

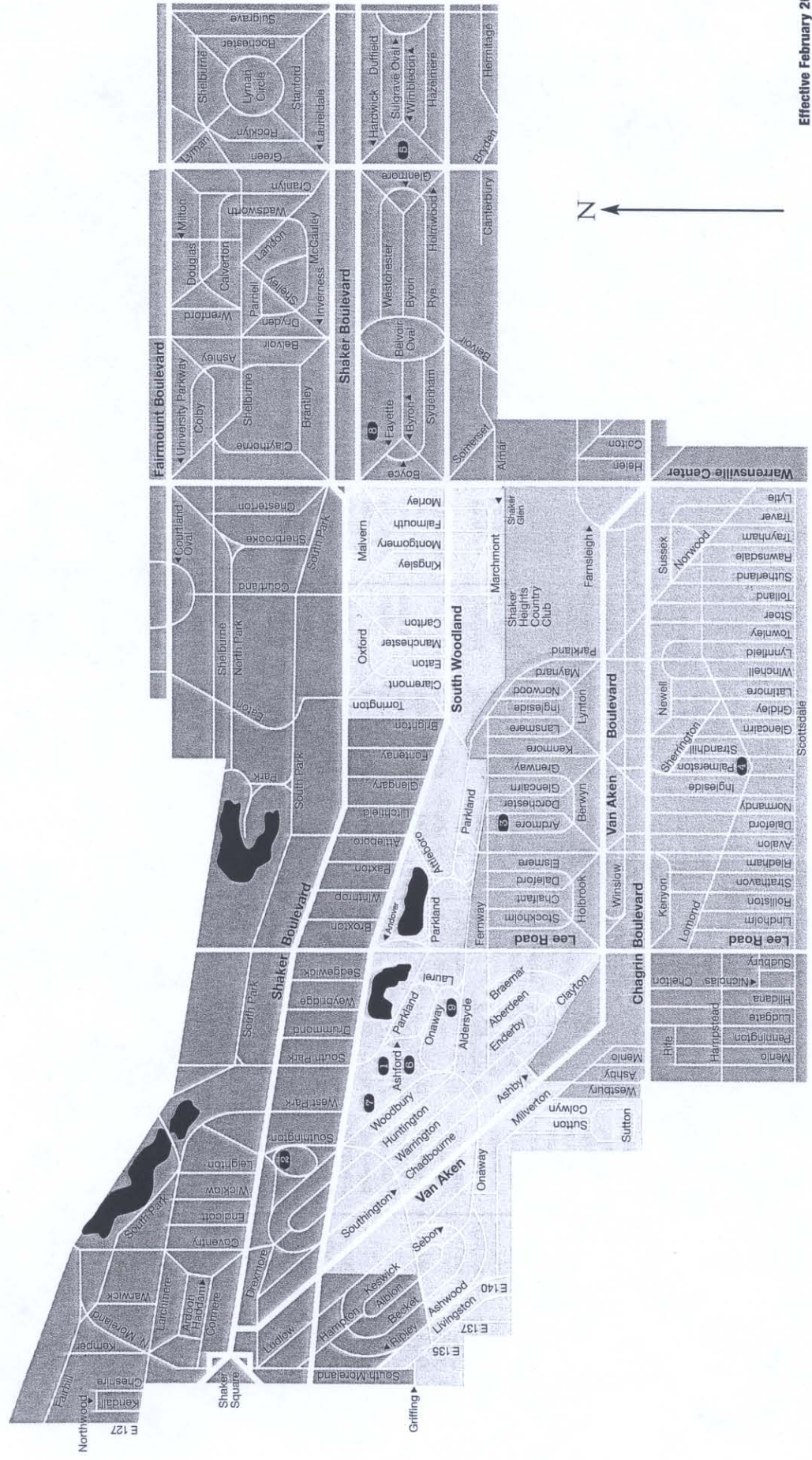
Bryan C. Christman Treasurer



SHAKER HEIGHTS CITY SCHOOL DISTRICT

www.shaker.org

- 1** Shaker Heights City Schools
15600 Parkland Drive
Shaker Heights, OH 44120
216 295-4000
- 2** Boulevard Elementary K-4
14900 Drexmore Road
Shaker Heights, OH 44120
216 295-4020
- 3** Fernway Elementary K-4
17420 Fernway Road
Shaker Heights, OH 44120
216 295-4040
- 4** Lomond Elementary K-4
17917 Lomond Boulevard
Shaker Heights, OH 44122
216 295-4050
- 5** Mercer Elementary K-4
23325 Wimbleton Road
Shaker Heights, OH 44122
216 295-4070
- 6** Onaway Elementary K-4
3115 Woodbury Road
Shaker Heights, OH 44120
216 295-4080
- 7** Woodbury Elementary 5-6
15400 South Woodland Road
Shaker Heights, OH 44120
216 295-4150
- 8** Shaker Heights Middle School 7-8
20600 Shaker Boulevard
Shaker Heights, OH 44122
216 295-4100
- 9** Shaker Heights High School 9-12
15911 Aldersyde Drive
Shaker Heights, OH 44120
216 295-4200





ATTENDANCE ZONES

Shaker Heights City School District

Street	School	Street	School	Street	School	Street	School	Street	School	Street	School	Street	School
Aberdeen	Onaway	Courtland	Onaway	Holmwood	Mercer	N. Moreland	Mercer	N. Moreland	Mercer	Strandhill	Boulevard	Strandhill	Boulevard
Albion	Boulevard	Courtland O.	Boulevard	Huntington	Boulevard	North Park	Boulevard	North Park	Boulevard	Strathavon	Boulevard	Strathavon	Boulevard
Aldersyde	Onaway	Coventry	Onaway	Ingleside	Onaway	Norwood	Onaway	Norwood	Fernway*	Sudbury	Fernway*	Sudbury	Fernway*
	Fernway	Cranlyn	Mercer	Inverness	Mercer		Lomond		Lomond	Sulgrave	Lomond	Sulgrave	Lomond
Almar	Mercer	Daleford	Fernway	Kemper	Boulevard		Fernway*		Fernway*	Sussex	Lomond	Sussex	Lomond
Ardmore	Fernway		Mercer	Inverness	Mercer	Onaway	Lomond	Onaway	Lomond	Sutherland	Lomond	Sutherland	Lomond
Ardoon	Boulevard	Dorchester	Fernway	Kemp	Boulevard	Oxford	Mercer	Oxford	Onaway	Sutherland	Lomond	Sutherland	Lomond
Ashby	Fernway	Douglas	Mercer	Kendall	Boulevard	Palmerston	Boulevard	Palmerston	Onaway	Sutton Place	Onaway	Sutton Place	Onaway
Ashford	Onaway	Drexmore	Boulevard	Kemmore	Boulevard	Park Drive	Boulevard	Park Drive	Onaway	Sutton Road	Onaway	Sutton Road	Onaway
Ashley	Mercer	Drummond	Boulevard	Kenyon	Fernway*	Parkland	Fernway*	Parkland	Lomond	Sydenham	Mercer	Sydenham	Mercer
Ashwood	Boulevard	Dryden	Mercer	Kenyon	Boulevard		Fernway*		Onaway	Tolland	Lomond	Tolland	Lomond
Attleboro	Onaway	Duffield	Mercer	Keswick	Boulevard		Boulevard		Onaway	Torrington	Onaway	Torrington	Onaway
	Boulevard		Mercer	Kingsley	Onaway		Onaway		Onaway	Townley	Lomond	Townley	Lomond
	Fernway	East 127th	Boulevard	Lansmere	Onaway		Onaway		Onaway	Traver	Lomond	Traver	Lomond
Avalon	Onaway	East 135th	Onaway	Lansmere	Onaway		Onaway		Onaway	Traymore	Boulevard	Traymore	Boulevard
	Fernway	East 137th	Onaway	Larchmere	Boulevard		Mercer		Mercer	Traynham	Lomond	Traynham	Lomond
	Lomond	East 140th	Onaway	Larchmere	Boulevard		Boulevard		Boulevard	University	Mercer	University	Mercer
Becket	Boulevard	E. Belvoir O.	Mercer	Latimore	Lomond		Lomond		Lomond	University	Mercer	University	Mercer
	Onaway	Eaton	Boulevard	Laurel	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Belvoir	Mercer	Eaton	Boulevard	Laurel	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Berwyn	Mercer	Edgerton	Onaway	Laureldale	Boulevard		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Boice	Fernway	Elsmere	Mercer	Lee	Boulevard		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Braemar	Mercer	Endicott	Boulevard	Leighton	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Brantley	Mercer	Fairhill	Mercer	Lindholm	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Brighton	Boulevard	Fairmount	Boulevard	Litchfield	Boulevard		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Broxton	Mercer	Falmouth	Mercer	Livingston	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Bryden	Mercer	Farnsleigh	Mercer	Ludgate	Boulevard		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Byron	Mercer	Fernway	Boulevard	Ludlow	Boulevard		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
	Mercer	Fontenay	Boulevard	Lyman Blvd.	Mercer		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Calverton	Mercer	Glencalm	Boulevard	Lyman Circle	Mercer		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Canterbury	Mercer	Glengary	Mercer	Lynfield	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Carlton	Onaway	Green	Mercer	Lynfield	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Chadbourne	Boulevard	Greenway	Mercer	Lytle	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
	Onaway	Griffing	Onaway	Malvern	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
	Onaway	Haddam	Boulevard	Manchester	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Chagrin	Onaway	Hadleigh	Mercer	Marchmont	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
	Mercer	Halborton	Mercer	Maynard	Onaway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Chaifant	Mercer	Halworth	Mercer	McCauley	Fernway*		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Chelton	Mercer	Hampton	Mercer	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Cheshire	Boulevard	Hardwick	Mercer	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Chesterton	Boulevard	Hazelmere	Mercer	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Claremont	Onaway	Helen	Mercer	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Claridge O.	Mercer	Hermitage	Mercer	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Claythorne	Mercer	Hildana	Mercer	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
	Mercer	Holbrook	Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Clayton	Onaway		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Colby	Mercer		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Colton	Mercer		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Colwyn	Onaway		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Corby	Boulevard		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Cormere	Boulevard		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard
Courtland	Boulevard		Fernway	Menlo	Fernway		Onaway		Onaway	Van Aken	Boulevard	Van Aken	Boulevard

*The District will provide transportation for residents of the area bounded by Kenmore, Parkland, and Van Aken who wish to attend Lomond.

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Shaker Heights
City School District,
Ohio

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

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



Nancy L. Zelle

President

Jeffrey R. Emmer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

SHAKER HEIGHTS CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2003

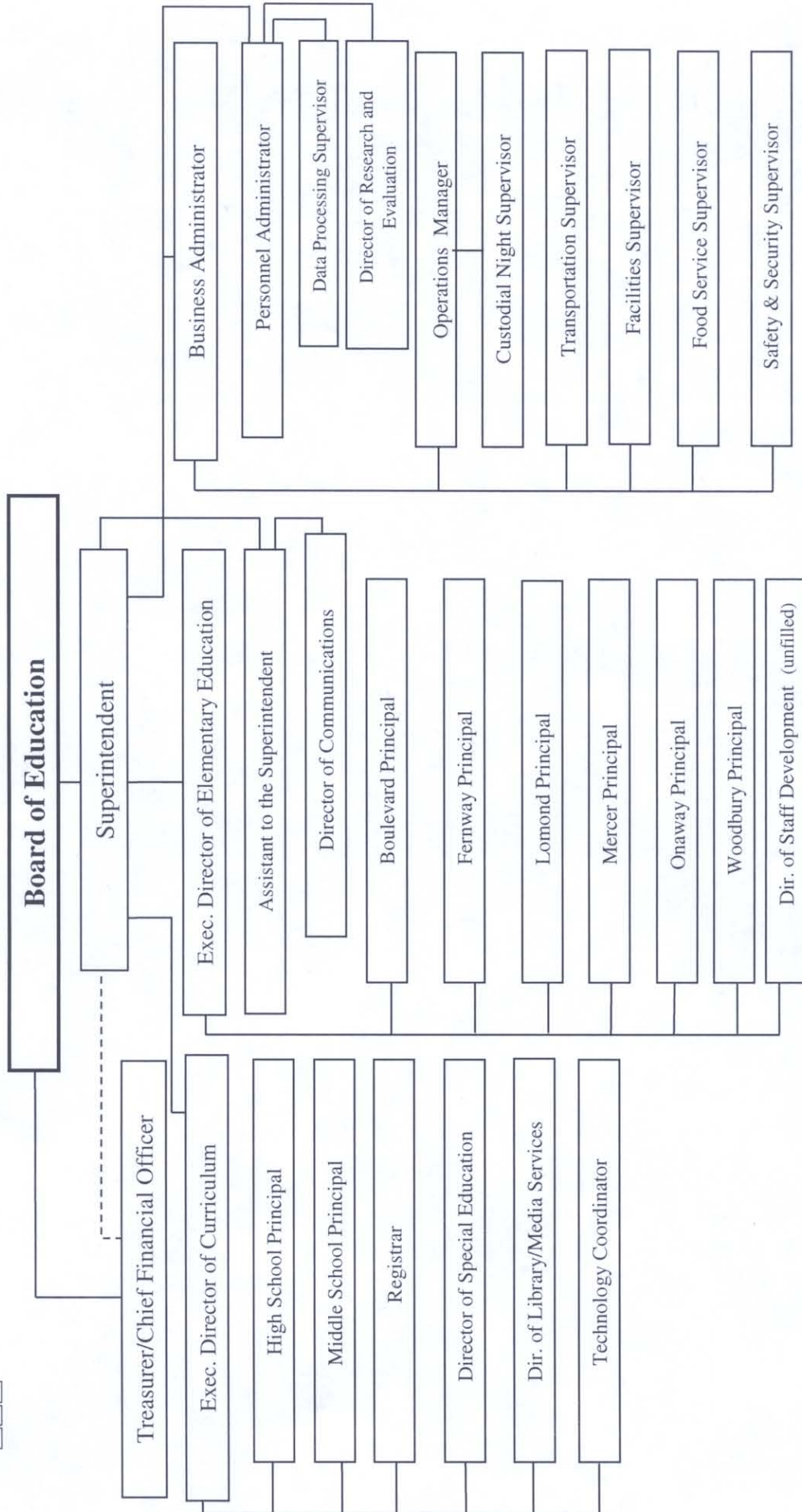
Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

William A. Fall
President

Emilio Keller
Executive Director



SHAKER HEIGHTS CITY SCHOOL DISTRICT ORGANIZATIONAL CHART



Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Education
Shaker Heights City School District
Cuyahoga County
15600 Parkland Drive
Shaker Heights, OH 44120

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

December 21, 2004

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The management's discussion and analysis of Shaker Heights City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2004. 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, financial statements and the notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- Net assets totaled \$16,787,123 for 2004.
- Revenue for governmental activities totaled \$88,317,858 in 2004. Of this total, 92.3 percent consisted of general revenues while program revenues accounted for the balance of 7.7 percent.
- Program expenses totaled \$82,243,482. Instructional expenses comprised 52.4 percent of this total, while support services accounted for 42.5 percent. Other expenses rounded out the balance of 5.1 percent.
- Outstanding general obligation bonded debt decreased to \$13,717,774 from \$14,835,247.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Shaker Heights City School District as a whole financial unit or complete 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 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 the Shaker Heights City School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

The analysis of the School District as a whole begins on page 14. While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "Are we in a better financial position this year than last?" and "Why" or "Why not". The Statement of Net Assets and the Statement of Activities provide the basis for answering these questions. These statements include all assets and liabilities using accrual basis of accounting, this accounting method is similar to that used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

These two statements report the School District's net assets and the changes in those assets. The 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 may include, but are not limited to, the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions or needs, required educational programs and other factors.

All of the School District's programs and services are reported as Governmental Activities in the Statement of Net Assets and the Statement of Activities. Governmental Activities consist of functions that are principally supported by taxes and intergovernmental revenues. Such activities include instruction, support services, operation and maintenance of plant, pupil transportation, food service and extracurricular activities among others for the School District.

Currently, the School District has no Business-Type Activities, which include functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 9. 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 fund 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 the 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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or 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.

Proprietary Funds – Proprietary funds have historically operated as enterprise and internal service funds using the same basis of accounting as business-type activities; however, beginning with the implementation of the new reporting model in fiscal 2003, the School District reports the enterprise funds as special revenue funds. This change is reflected in the tables presented below. The internal service funds account for health insurance, prescription drug coverage and workers' compensation reserve and are reported separately as the School District's proprietary funds.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

The School District as a Whole

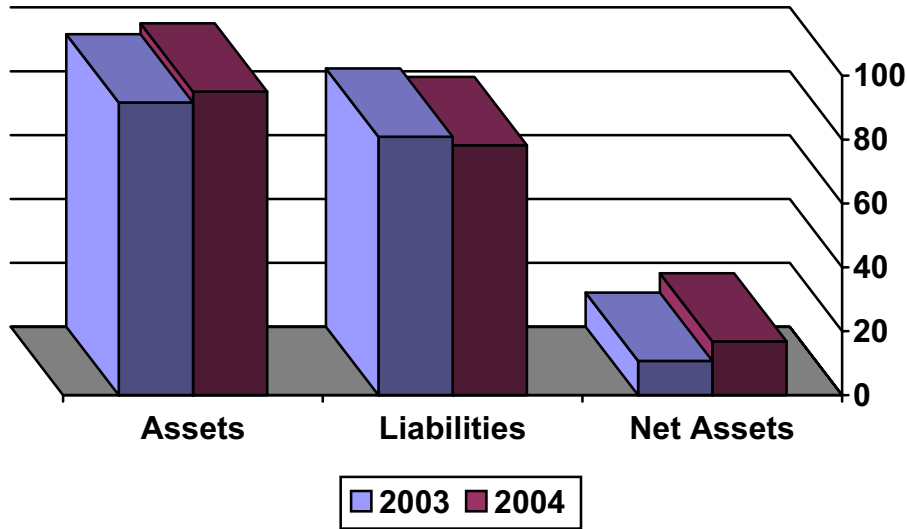
As you may recall, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2004 and 2003.

Table 1
Net Assets
Governmental Activities

	<u>2004</u>	<u>2003</u>	<u>Change</u>
Assets			
Current and Other Assets	\$78,800,937	\$75,359,443	\$3,441,494
Capital Assets, Net	16,205,794	16,246,590	(40,796)
Total Assets	<u>95,006,731</u>	<u>91,606,033</u>	<u>3,400,698</u>
Liabilities			
Current and Other Liabilities	58,623,561	60,496,308	(1,872,747)
Long Term Liabilities:			
Due Within One Year	1,870,376	1,807,402	62,974
Due in More than One Year	17,725,671	18,589,576	(863,905)
Total Liabilities	<u>78,219,608</u>	<u>80,893,286</u>	<u>(2,673,678)</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	2,500,547	1,423,261	1,077,286
Restricted:			
Capital Projects	1,543,825	1,901,796	(357,971)
Debt Service	868,760	917,851	(49,091)
Set Asides	353,070	353,070	0
Other Purposes	305,712	421,775	(116,063)
Unrestricted	11,215,209	5,694,994	5,520,215
Total Net Assets	<u>\$16,787,123</u>	<u>\$10,712,747</u>	<u>\$6,074,376</u>

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Graph 1
Net Assets
Governmental Activities
(in \$millions)



Property taxes receivable contributed \$61,870,652 or 65.1 percent of total assets. Of this amount \$47,038,652 is offset as deferred revenue; revenue to be used in future periods. In May of 2003, a 9.6 mill operating levy was passed generating approximately \$7.5 million annually, beginning in fiscal year 2004, with full collection not occurring until fiscal year 2005. Liabilities for governmental activities totaled \$78,219,608; of this amount \$19,596,047 or 25.1 percent is long term liabilities. By comparing assets and liabilities, one can see the overall position of the School District is good. The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$81,489,611 or 92.3 percent of total revenue, up from \$64,296,666 or 91.8 percent in the prior year. The most significant portion of the general revenue is the local property tax. The remaining amount of revenue received was in the form of program revenues, which equated to \$6,828,247 or 7.7 percent of total revenue, up from \$5,748,205 or 8.2 percent in the prior year.

Table 2 shows the changes in net assets for fiscal years 2004 and 2003.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 2
Changes in Net Assets
Governmental Activities

	<u>2004</u>	<u>2003</u>
Revenues		
Program Revenues:		
Charges for Services	\$2,542,248	\$2,497,047
Operating Grants, Interest and Contributions	3,841,488	3,105,585
Capital Grants and Contributions	444,511	145,573
<i>Total Program Revenues</i>	<u>6,828,247</u>	<u>5,748,205</u>
General Revenues:		
Property Taxes	58,953,749	42,194,735
Grant and Entitlements not Restricted to Specific Programs	22,160,812	21,576,741
Investment Earnings	169,849	388,345
Other	205,201	136,845
Total General Revenues	<u>81,489,611</u>	<u>64,296,666</u>
Total Revenues	<u>88,317,858</u>	<u>70,044,871</u>
Program Expenses		
Instruction:		
Regular	32,864,526	31,814,593
Special	10,008,927	9,238,257
Vocational	242,694	293,396
Support Services:		
Pupils	5,169,180	5,012,167
Instructional Staff	5,203,618	4,970,899
Board of Education	81,020	44,557
Administration	6,098,561	5,579,077
Fiscal	1,641,345	1,626,208
Business	636,841	667,241
Operation and Maintenance of Plant	10,509,814	10,329,284
Pupil Transportation	4,065,825	3,802,122
Central	1,488,606	1,655,119
Operation of Non-Instructional Services	1,202,617	1,317,092
Food Service Operations	921,209	946,834
Extracurricular Activities	1,332,974	1,131,817
Interest and Fiscal Charges	775,725	858,143
Total Expenses	<u>82,243,482</u>	<u>79,286,806</u>
Increase (Decrease) in Net Assets	6,074,376	(9,241,935)
<i>Net Assets Beginning of Year</i>	<u>10,712,747</u>	<u>19,954,682</u>
<i>Net Assets End of Year</i>	<u>\$16,787,123</u>	<u>\$10,712,747</u>

Governmental Activities

The School District has prepared and closely monitors its five-year financial forecast that includes forecasted revenues and expenditures for the School District's primary General operating fund. Since 1933, the residents of the School District have only rejected three operating levies placed on the ballot,

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

1934, 1983 and 1994, all of which were approved at the following election. In May of 2003, the School District successfully passed a 9.6 mill, operating levy that generates \$7.5 million dollars in revenue per year. Collections on this new levy began the second half of fiscal year 2004 with full collection of this levy to be realized in fiscal year 2005. The additional income is dedicated to fund the day-to-day operations of the School District (e.g., salaries, utilities, textbooks, transportation, etc.) and is expected to cover three years of operation.

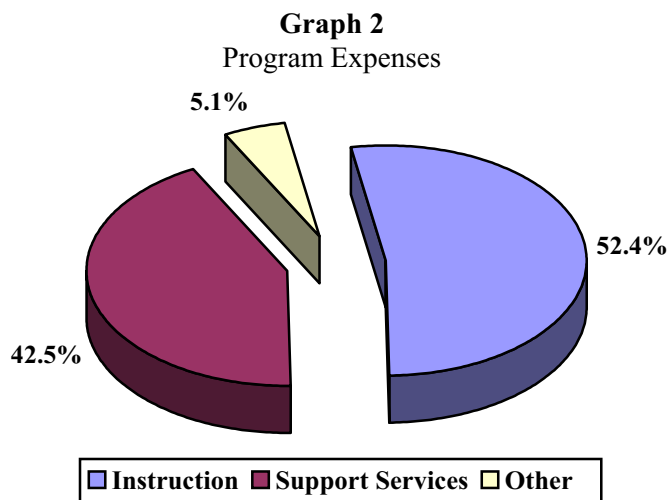
Ohio House Bill 920 effectively freezes tax revenue to a specific dollar amount the minute a levy is passed. This House Bill also eliminates any growth from local revenue, therefore school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of academically excellent service.

Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive grant and entitlement funds to help offset some operating costs. Property taxes approximated 66.8 percent of revenues for governmental activities for Shaker Heights City Schools in fiscal year 2004, up from 60.2 percent in the prior year.

Approximately 52.4 percent of the School District's expenses is used for instructional expenses. Supporting services for pupils, staff and business operations account for an additional 42.5 percent. The remaining amount of program expenses, roughly 5.1 percent, is budgeted to facilitate other obligations of the School District including interest and fiscal charges, food services operations and extracurricular activities.

The School District's net assets increased in fiscal year 2004 by \$6,074,376. The increase was primarily due to an increase in property tax revenue. Property tax revenue increased significantly from fiscal year 2003 primarily as a result of the time frame in which the Cuyahoga County Treasurer mails the semi-annual tax bills in the month of June. This results in more or less payments reaching the County Treasurer before or after the respective fiscal year end, thereby creating an accordion effect on recognizable revenues from one fiscal year to the next. Approximately \$3,000,000 of the increase was attributable to the new revenues generated by the 2003 operating levy. Actual expenses were consistent with annual budget expectations.

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



Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Programs	Total Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
Instruction:				
Regular	\$32,864,526	\$31,814,593	\$32,143,164	\$29,717,691
Special	10,008,927	9,238,257	8,105,195	8,795,658
Vocational	242,694	293,396	241,507	293,396
Support Services:				
Pupils	5,169,180	5,012,167	5,169,180	4,984,263
Instructional Staff	5,203,618	4,970,899	4,164,702	4,313,400
Board of Education	81,020	44,557	81,020	44,557
Administration	6,098,561	5,579,077	6,098,561	5,579,077
Fiscal	1,641,345	1,626,208	1,620,074	1,626,208
Business	636,841	667,241	636,841	667,241
Operation and Maintenance of Plant	10,509,814	10,329,284	9,915,303	10,243,394
Pupil Transportation	4,065,825	3,802,122	4,065,825	3,802,122
Central	1,488,606	1,655,119	1,488,606	1,633,998
Operation of Non-Instructional Services	1,202,617	1,317,092	(143,302)	280,996
Food Service Operations	921,209	946,834	219,672	21,424
Extracurricular Activities	1,332,974	1,131,817	833,162	677,033
Interest and Fiscal Charges	775,725	858,143	775,725	858,143
Total Expenses	\$82,243,482	\$79,286,806	\$75,415,235	\$73,538,601

The reliance upon local tax revenues for governmental activities is crucial at Shaker Heights City Schools. More than 71.7 percent of expenses are directly supported by local property taxes. Grant and entitlements not restricted to specific programs, investment earnings and other miscellaneous types of revenues support the remaining activity costs. Program revenues account for only 8.3 percent of all governmental expenses.

School District's Funds

Information pertaining to the School District's major funds can be found on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$87,427,880 and expenditures of \$82,084,548. The net change in fund balance for the year was most significant in the General Fund with an increase of \$5,821,432. This increase is primarily due to the increase in property taxes.

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 General Fund is the most significant fund to be budgeted and is the main operating fund of the School District.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
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During the course of the 2004 fiscal year, the School District amended its general fund only twice, neither one significant. The School District uses a modified site-based style of budgeting that has in place systems designed to tightly control expenses, but also provide flexibility for site-based decision-making by management.

The General Fund's final budget basis revenue totaled \$71,558,069, which was \$1,147,424 below the original budget estimate of \$72,705,493. The final budget basis expenditures totaled \$74,884,265, which was \$1,750 less than the original estimate.

The School District's ending unencumbered cash balance totaled \$10,600,738, which was \$1,083,651 higher than the originally budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2004, the School District had \$16,205,794 in land and land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Table 4 shows fiscal year 2004 values compared to 2003.

Table 4
Capital Assets, Net

	Governmental Activities		
	<u>2004</u>	<u>2003</u>	<u>Change</u>
Land	\$943,600	\$943,600	\$0
Land Improvements	1,208,828	1,264,476	(55,648)
Buildings and Improvements	12,057,050	11,436,017	621,033
Furniture and Equipment	1,472,733	2,071,459	(598,726)
Vehicles	482,146	460,567	21,579
Construction In Progress	<u>41,437</u>	<u>70,471</u>	<u>(29,034)</u>
Total	<u>\$16,205,794</u>	<u>\$16,246,590</u>	<u>(\$40,796)</u>

All capital assets, except land and construction in progress, are reported net of depreciation. The net decrease in capital assets during the fiscal year resulted due to an overall excess of depreciation above the amount of additions. The increase in the buildings and improvements category was mainly due to the renovation of the High School's small auditorium, funded by a grant from the Shaker Schools Foundation. The categories with decreases are primarily the result of current years depreciation charge exceeding the additions. For more information on capital assets refer to Note 9 of the basic financial statements.

Debt

At June 30 2004, the School District had \$13,717,774 in bonds outstanding. Table 5 below summarizes the School District's bonds outstanding.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

Table 5
Outstanding Debt

	Governmental Activities	
	2004	2003
General Obligation Bonds:		
School Improvement 1990, 7.08%	\$2,615,000	\$2,895,000
Building Addition 1993, 5.034%	1,475,000	1,625,000
Energy Conservation Improvement 1995, 5.00%	304,230	444,230
School Improvement 1999, 5.034%	6,365,000	6,790,000
School Improvement 2000		
Serial and Term 4.3%-5.375%	2,700,000	2,835,000
Capital Appreciation 5.00%-5.05%	258,544	246,017
Total Outstanding Debt	\$13,717,774	\$14,835,247

In an election held on November 5, 1996 the electors of the School District approved the issuing of \$12.7 million of bonds for the purpose of improving school buildings and renovating, remodeling, adding to, furnishing, equipping and otherwise improving school facilities and their sites. These bonds were issued in 1999 and 2000 and will be fully repaid in calendar year 2019.

General obligation bonds for the purpose of renovating and making additions to school buildings were issued in 1990 and 1993. These bonds will be fully repaid in calendar years 2010 and 2013, respectively. Energy conservation bonds were issued in 1995 and will be fully repaid in calendar year 2005.

In a election held on November 2, 2004 the electors of the School District approved the issuing of \$23.5 million of bonds for the purpose of building and facilities improvement. These bonds have yet to be issued.

The School District's overall debt margin was \$68,027,093 with an unvoted debt margin of \$891,578. The School District's most recent bond rating is an AA by Standard & Poor's. For more information on debt, refer to Note 14 of the basic financial statements.

School District Outlook

Shaker Heights City School District has continued to maintain the highest standards of service to our students, parents and community. The School District is continually presented with challenges and opportunities. The School District is impacted by national and state factors, including economic, political, and educational issues. Despite reductions in fiscal years 2003 and 2004 in the State's various funding programs, the School District was able to maintain its educational program uninterrupted by the financial shock inflicted as a result of the State's budget crisis. Because the School District relies heavily upon its local taxpayer base, the impact of the State's budget crisis does not play as significant a role in the funding picture for the School District as it does for many of the neighboring districts. The School District specifically monitors such matters in order to anticipate, with the objective of minimizing, any negative fallout from these events.

The establishment of the Finance & Audit Committee (F&A Committee) in October 2002 by the Board of Education, paved the way for a new era in the School District's financial management function. By creating the F&A Committee, the Board added an ongoing mechanism designed to provide additional financial insight and oversight to complement the School District's internal financial management. The

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

F&A Committee consists of nine community members (two of which are Board members). The backgrounds of the members are primarily concentrated in business and financial management. The F&A Committee's charter includes the twin objectives of monitoring the financial affairs of the School District and serving as the primary contact for the School District's external financial auditors.

Because of its long history of strong community support at the ballot box, coupled with the continuous City efforts targeted toward maintaining the housing stock (thereby helping to maintain and improve the City's tax base), the Shaker Heights City School District has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. Overall, the School District continues to perform at one of the highest levels determined by the State of Ohio, which is measured by a defined set of proficiency criteria. Our most recent state report card shows Shaker Heights City School District students achieving 15 out of 18 indicators for an "effective" rating in accordance with the State-established criteria.

As the preceding information shows, the School District heavily depends on its residential property taxpayers. Our community's support was recently measured by an outstanding accomplishment, in May of 2003, the School District community passed a \$9.6 mill operating levy in the wake of a national, state and local economic slump with a 65.4% margin. Additionally, the School District community approved a \$23.5 million bond issue for purposes of District capital needs with a 67.7% margin in November 2004.

The continued financial support of the School District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their community.

The School District has communicated to the community the extent upon which the School District relies upon their support for the major part of its operations, and will continue to work diligently to carefully monitor expenses, staying within the School District's five-year financial plan. State law retards the growth of income generated by local levies rendering revenue relatively constant. This lack of revenue growth, however, forces the School District to come back to the voters from time to time and ask for additional financial support.

The DeRolph Case

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed additional revenue growth toward the support of School Districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes, which are inherently not "equitable" nor "adequate." The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In September 2001, the Ohio Supreme Court issued another opinion regarding the State's school funding plan. The decision identified aspects of the State's plan that required modification for the plan to be considered constitutional. The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed in September 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that change be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. In March 2002, the mediator issued his final report indicating

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004
Unaudited

that the conference was unable to produce a settlement. The case remained under reconsideration by the Court until late 2002.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan (the DeRolph case). The decision reaffirmed earlier decisions that Ohio's current school-funding decision was 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...". Subsequent attempts by the Plaintiffs to enforce the ruling by the Court were met with a rejection by the Ohio Supreme Court. The Plaintiffs responded in August 2003, by filing a petition for a Writ of Certiorari with the U.S. Supreme Court, asking the Court to accept an appeal relative to the Ohio Supreme Court's decision prohibiting Perry County Judge Linton Lewis from considering the Coalition's motion to establish a compliance conference pertaining to the Court's DeRolph school funding decisions. In October 2003, the U.S. Supreme Court denied the petition. As of the date of these financial statements, the consensus opinion is that the DeRolph case is over and done. The State continues to struggle with the development of a constitutional school funding system currently through the work of the Governor's Blue Ribbon Task Force on Financing Student Success. The recommendations of the Task Force, which has been working diligently to reach consensus on school funding improvements to provide a system that is predictable, affordable, spends money effectively, and supports student achievement, are expected to be key to the development of the education portion of the state's budget for the next biennium (fiscal years 2006-2007).

At this time the School District is unable to determine what effect, if any, the recommendations of the Governor's Blue Ribbon Task Force and their impact upon the biennial budget will have on the School District's State funding and its financial operations. As a result, all of the School District's financial abilities will be called upon to meet the challenges the future will bring. It is imperative the School District's Board and management team continue to carefully and prudently plan in order to provide the resources required to meet the future needs of its students.

The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting, and the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting since 1998. This report represents the School District's second year reporting in accordance with the provisions of the Governmental Accounting Standards Board's (GASB) new financial reporting model under Governmental Accounting and Financial Reporting Standards Statement No. 34 (GASB Statement No. 34).

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and 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 Bryan C. Christman, Treasurer, at Shaker Heights City School District, 15600 Parkland Drive, Shaker Heights, Ohio 44120, or e-mail at christman_b@shaker.org.

Shaker Heights City School District

Statement of Net Assets

June 30, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$15,414,856
Cash and Cash Equivalents in Segregated Accounts	1,011,432
Intergovernmental Receivable	245,755
Prepaid Items	107,943
Materials and Supplies Inventory	150,299
Property Taxes Receivable	61,870,652
Nondepreciable Capital Assets	985,037
Depreciable Capital Assets, Net	<u>15,220,757</u>
<i>Total Assets</i>	<u>95,006,731</u>
Liabilities	
Accounts Payable	569,955
Accrued Wages and Benefits	7,497,025
Matured Compensated Absences Payable	582,146
Intergovernmental Payable	2,428,259
Deferred Revenue	47,038,652
Claims Payable	443,300
Accrued Interest Payable	64,224
Long-Term Liabilities:	
Due Within One Year	1,870,376
Due In More Than One Year	<u>17,725,671</u>
<i>Total Liabilities</i>	<u>78,219,608</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,500,547
Restricted for:	
Capital Projects	1,543,825
Debt Service	868,760
Set Asides	353,070
Other Purposes	305,712
Unrestricted	<u>11,215,209</u>
<i>Total Net Assets</i>	<u>\$16,787,123</u>

See accompanying notes to the basic financial statements

Shaker Heights City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$32,864,526	\$63,746	\$657,616	\$0	(\$32,143,164)
Special	10,008,927	1,211,647	692,085	0	(8,105,195)
Vocational	242,694	1,187	0	0	(241,507)
Support Services:					
Pupils	5,169,180	0	0	0	(5,169,180)
Instructional Staff	5,203,618	0	1,038,916	0	(4,164,702)
Board of Education	81,020	0	0	0	(81,020)
Administration	6,098,561	0	0	0	(6,098,561)
Fiscal	1,641,345	0	21,271	0	(1,620,074)
Business	636,841	0	0	0	(636,841)
Operation and Maintenance of Plant	10,509,814	150,000	0	444,511	(9,915,303)
Pupil Transportation	4,065,825	0	0	0	(4,065,825)
Central	1,488,606	0	0	0	(1,488,606)
Operation of Non-Instructional Services	1,202,617	0	1,345,919	0	143,302
Food Service Operations	921,209	701,537	0	0	(219,672)
Extracurricular Activities	1,332,974	414,131	85,681	0	(833,162)
Interest and Fiscal Charges	775,725	0	0	0	(775,725)
<i>Totals</i>	<u>\$82,243,482</u>	<u>\$2,542,248</u>	<u>\$3,841,488</u>	<u>\$444,511</u>	<u>(75,415,235)</u>

General Revenues

Property Taxes Levied for:

General Purposes	56,520,406
Debt Service	2,110,278
Capital Projects	323,065
Grants and Entitlements not Restricted to Specific Programs	22,160,812
Investment Earnings	169,849
Miscellaneous	<u>205,201</u>

Total General Revenues 81,489,611

Change in Net Assets 6,074,376

Net Assets Beginning of Year 10,712,747

Net Assets End of Year \$16,787,123

See accompanying notes to the basic financial statements

Shaker Heights City School District

Balance Sheet

Governmental Funds

June 30, 2004

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,219,663	\$2,842,123	\$15,061,786
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	353,070	0	353,070
Intergovernmental Receivable	171,830	73,925	245,755
Prepaid Items	107,943	0	107,943
Materials and Supplies Inventory	135,734	14,565	150,299
Property Taxes Receivable	59,937,878	1,932,774	61,870,652
<i>Total Assets</i>	<u>\$72,926,118</u>	<u>\$4,863,387</u>	<u>\$77,789,505</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$410,294	\$159,661	\$569,955
Accrued Wages and Benefits	7,151,836	345,189	7,497,025
Matured Compensated Absences Payable	558,479	23,667	582,146
Intergovernmental Payable	837,590	19,675	857,265
Deferred Revenue	50,695,060	1,522,402	52,217,462
<i>Total Liabilities</i>	<u>59,653,259</u>	<u>2,070,594</u>	<u>61,723,853</u>
 Fund Balances			
Reserved for Encumbrances	1,742,077	912,675	2,654,752
Reserved for Property Taxes	8,892,463	411,404	9,303,867
Reserved for Budget Stabilization	353,070	0	353,070
Unreserved, Undesignated			
Reported in:			
General Fund	2,285,249	0	2,285,249
Special Revenue Funds	0	85,919	85,919
Debt Service Fund	0	965,905	965,905
Capital Projects Funds	0	416,890	416,890
<i>Total Fund Balances</i>	<u>13,272,859</u>	<u>2,792,793</u>	<u>16,065,652</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$72,926,118</u>	<u>\$4,863,387</u>	<u>\$77,789,505</u>

See accompanying notes to the basic financial statements

Shaker Heights City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2004*

Total Governmental Fund Balances	\$16,065,652
<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	16,205,794
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes and intergovernmental receivable.	
Property Taxes	5,172,927
Grants	5,883
Total	5,178,810
An internal service fund is used by management to charge the costs 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.	568,132
Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(1,570,994)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(64,224)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(5,878,273)
General Obligation Bonds	(13,717,774)
Total	(19,596,047)
<i>Net Assets of Governmental Activities</i>	\$16,787,123

See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$55,646,222	\$2,392,899	\$58,039,121
Intergovernmental	21,927,411	3,949,715	25,877,126
Interest	155,601	14,248	169,849
Tuition and Fees	1,212,834	75,291	1,288,125
Extracurricular Activities	0	254,088	254,088
Contributions and Donations	0	594,335	594,335
Charges for Services	45,723	701,895	747,618
Rentals	6,653	150,000	156,653
Miscellaneous	114,069	186,896	300,965
<i>Total Revenues</i>	<u>79,108,513</u>	<u>8,319,367</u>	<u>87,427,880</u>
Expenditures			
Current:			
Instruction:			
Regular	30,291,990	722,962	31,014,952
Special	9,232,803	611,656	9,844,459
Vocational	236,759	0	236,759
Support Services:			
Pupils	5,135,806	37,699	5,173,505
Instructional Staff	3,917,587	1,134,677	5,052,264
Board of Education	80,848	0	80,848
Administration	6,082,455	0	6,082,455
Fiscal	1,583,831	50,069	1,633,900
Business	620,833	10,139	630,972
Operation and Maintenance of Plant	9,622,925	59,158	9,682,083
Pupil Transportation	3,841,783	0	3,841,783
Central	1,332,852	3,000	1,335,852
Operation of Non-Instructional Services	87,606	1,170,971	1,258,577
Food Service Operations	0	921,209	921,209
Extracurricular Activities	966,292	364,188	1,330,480
Capital Outlay	0	2,060,855	2,060,855
Debt Service:			
Principal Retirement	0	1,130,000	1,130,000
Interest and Fiscal Charges	0	773,595	773,595
<i>Total Expenditures</i>	<u>73,034,370</u>	<u>9,050,178</u>	<u>82,084,548</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,074,143</u>	<u>(730,811)</u>	<u>5,343,332</u>
Other Financing Sources (Uses)			
Transfers In	0	252,711	252,711
Transfers Out	(252,711)	0	(252,711)
<i>Total Other Financing Sources (Uses)</i>	<u>(252,711)</u>	<u>252,711</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	5,821,432	(478,100)	5,343,332
<i>Fund Balances Beginning of Year</i>	<u>7,451,427</u>	<u>3,270,893</u>	<u>10,722,320</u>
<i>Fund Balances End of Year</i>	<u>\$13,272,859</u>	<u>\$2,792,793</u>	<u>\$16,065,652</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds \$5,343,332

*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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which which depreciation exceeded capital outlays in the current period.

Capital Outlay	1,706,042
Depreciation	<u>(1,746,838)</u>

Total	(40,796)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	914,628
Intergovernmental	<u>(24,650)</u>

Total	889,978
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,130,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	10,397
Bond Accretion	<u>(12,527)</u>

Total	(2,130)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(316,542)
Pension Obligation	<u>(757,074)</u>

Total	(1,073,616)
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The internal service funds used by management to charge the costs of prescription drug insurance and workers' compensation reserve are included in the statement of activities and not on the governmental fund expenditures. (172,392)

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$6,074,376</u></u>
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See accompanying notes to the basic financial statements

Shaker Heights City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$49,749,134	\$48,401,710	\$50,017,185	\$1,615,475
Intergovernmental	21,089,359	21,189,359	21,838,448	649,089
Interest	400,000	400,000	288,773	(111,227)
Tuition and Fees	1,316,000	1,316,000	1,212,834	(103,166)
Charges for Services	34,000	34,000	45,723	11,723
Rentals	44,000	44,000	56,653	12,653
Miscellaneous	73,000	173,000	114,069	(58,931)
<i>Total Revenues</i>	<u>72,705,493</u>	<u>71,558,069</u>	<u>73,573,685</u>	<u>2,015,616</u>
Expenditures				
Current:				
Instruction:				
Regular	32,752,708	30,002,040	29,998,026	4,014
Special	10,306,738	10,306,740	10,306,740	0
Vocational	319,773	319,773	319,773	0
Support Services:				
Pupils	4,511,781	5,129,401	5,129,401	0
Instructional Staff	3,965,780	3,965,781	3,965,781	0
Board of Education	80,923	80,923	80,923	0
Administration	6,071,169	6,071,173	6,071,173	0
Fiscal	1,967,481	2,067,465	1,852,020	215,445
Business	650,513	650,517	650,517	0
Operation and Maintenance of Plant	7,784,213	9,776,626	9,776,626	0
Pupil Transportation	4,036,646	4,036,451	4,036,451	0
Central	1,426,849	1,426,850	1,426,850	0
Operation of Non-Instructional Services	94,280	94,280	94,280	0
Extracurricular Activities	917,161	956,245	956,245	0
<i>Total Expenditures</i>	<u>74,886,015</u>	<u>74,884,265</u>	<u>74,664,806</u>	<u>219,459</u>
<i>Excess of Revenues Under Expenditures</i>	(2,180,522)	(3,326,196)	(1,091,121)	2,235,075
Other Financing Uses				
Operating Transfers Out	(246,961)	(252,711)	(252,711)	0
<i>Net Change in Fund Balance</i>	(2,427,483)	(3,578,907)	(1,343,832)	2,235,075
<i>Fund Balance Beginning of Year</i>	10,299,706	10,299,706	10,299,706	0
Prior Year Encumbrances Appropriated	1,644,864	1,644,864	1,644,864	0
<i>Fund Balance End of Year</i>	<u>\$9,517,087</u>	<u>\$8,365,663</u>	<u>\$10,600,738</u>	<u>\$2,235,075</u>

See accompanying notes to the basic financial statements

Shaker Heights City School District

Statement of Fund Net Assets

Internal Service Funds

June 30, 2004

Assets

Current Assets

Cash and Cash Equivalents
in Segrated Accounts

\$1,011,432

Liabilities

Current Liabilities

Claims Payable

443,300

Net Assets

Unrestricted

\$568,132

See accompanying notes to the basic financial statements

Shaker Heights City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2004*

Operating Revenues	
Charges for Services	<u>\$6,868,020</u>
Operating Expenses	
Purchased Services	7,655
Claims	<u>7,032,757</u>
<i>Total Operating Expenses</i>	<u>7,040,412</u>
<i>Change in Net Assets</i>	(172,392)
<i>Net Assets Beginning of Year</i>	<u>740,524</u>
<i>Net Assets End of Year</i>	<u><u>\$568,132</u></u>

See accompanying notes to the basic financial statements

Shaker Heights City School District
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$6,868,020
Cash Payments for Goods and Services	(7,655)
Cash Payments for Claims	<u>(7,142,161)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(281,796)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,293,228</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,011,432</u></u>
<i>Reconciliation of Operating Loss to</i>	
<i>Net Cash Used for Operating Activities</i>	
<i>Operating Loss</i>	<u>(\$172,392)</u>
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities	
Increase/(Decrease) in Liabilities:	
Claims Payable	<u>(109,404)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$281,796)</u></u>

See accompanying notes to the basic financial statements

Shaker Heights City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

Assets

Equity Pooled in Cash and Cash Equivalents	<u><u>\$242,640</u></u>
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Liabilities

Undistributed Monies	\$109,058
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Due to Students	<u>133,582</u>
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<i>Total Liabilities</i>	<u><u>\$242,640</u></u>
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See accompanying notes to the basic financial statements

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

Note 1 - Description of The School District

The Shaker Heights City School District (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. Each member is elected to a four year term. The School District provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's eight instructional and four support facilities staffed by 292 classified employees, 435 certified teachers and 54 tutoring personnel, and 36 administrators who provide services to 5,623 students.

The School District is located in Shaker Heights, Ohio, Cuyahoga County. The School District operates five elementary schools (K-4), one elementary school (5-6), one middle school (7-8), one high school (9-12), and a pre-kindergarten Early Intervention Center at the Shaker Family Center. The School District's four support facilities include an administration building, transportation center, warehouse and maintenance vehicle garage, and a media and technology services facility.

Reporting Entity

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

Non-Public Schools Within the School District boundaries, Saint Dominic is operated through the Cleveland Catholic Diocese. Also, within the School District boundaries are Solomon-Schechter, Hathaway-Brown, Laurel and University non-public schools. Current legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. 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 provides 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 their debt or the levying of their taxes. The School District has no component units.

The School District is associated with two jointly governed organizations and a related organization. These organizations are the Ohio Schools' Council Association, the Lakeshore Northeast Ohio Computer Association (LNOCA) and the Shaker Heights Public Library. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Shaker Heights City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its internal service funds unless those pronouncements conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

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

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

Proprietary Fund Type Proprietary funds focus on the determination of operating income, changes in net asset, financial position and cash flows and are classified as either enterprise or internal service. The School District only has internal service funds.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District's internal service funds are self-insurance programs for employee medical, dental and prescription drug benefits and workers' compensation.

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

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

Like the government-wide statements, the internal service funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

(i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activities.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

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

E. Budgetary Data

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

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

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

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The School District has a segregated bank account for self-insurance monies held separate from the School District's central bank account. This depository account is presented on the statements as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

During fiscal year 2004, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Mortgage Company Notes, Federal Home Loan Bank Notes and STAROhio (the State Treasury Asset Reserve of Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

Shaker Heights City School District has invested funds in STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2004.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$155,601, which includes \$58,204 assigned from other School District funds.

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 presented as cash equivalents.

G. Prepaid Items

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

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food and materials and supplies held for consumption.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside to create a reserve for budget stabilization. See Note 18 for additional information regarding set asides.

J. Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. 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.

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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:

Description	Governmental Activities Estimated Lives
Land Improvements	40 years
Buildings and Improvements	40 - 100 years
Equipment	5 - 20 years
Vehicles	8 years

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has unpaid leave is paid.

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 the internal service funds are reported on the internal service fund financial statements.

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

M. Net Assets

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

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

grantors or laws or regulations of other governments. Net assets restricted for other purposes include student activities, special education and food service operations.

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

N. Fund Balance Reserves

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

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

O. Interfund Activity

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

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

P. Operating Revenue 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 charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

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.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

Note 3 – Change in Accounting Principle

For fiscal year 2004, the School District has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”. GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationships with the primary government. The implementation of GASB Statement No. 39 did not affect the reporting entity of the School District.

Note 4 – Accountability and Compliance

Fund Deficits

The Ohio Reads Community Grant and Title VI-B special revenue funds had deficit fund balances of \$1,613 and \$15,388, respectively, at June 30, 2004. The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

	Net Change in Fund Balance
GAAP Basis	\$5,821,432
Net Adjustment for Revenue Accruals	(5,434,478)
Beginning Fair Value Adjustment for Investments	23,744
Ending Fair Value Adjustment for Investments	(124,094)
Net Adjustment for Expenditure Accruals	441,724
Adjustment for Encumbrances	<u>(2,072,160)</u>
Budget Basis	<u><u>(\$1,343,832)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Cash on Hand At year end, the School District had \$490 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.

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

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$4,094,674 and the bank balance was \$3,781,793. Of the bank balance:

1. \$300,000 of the bank balance was covered by depository insurance; and
2. \$3,481,793 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments GASB Statement No. 3 requires the School District's investments to be categorized 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

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

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. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Federal National Mortgage Association Notes	\$2,968,334	\$2,968,334
Federal Home Loan Mortgage Company Notes	3,026,561	3,026,561
Federal Home Loan Bank Notes	5,998,650	5,998,650
STAROhio	0	580,219
Total Investments	<u>\$11,993,545</u>	<u>\$12,573,764</u>

The classification of cash and cash equivalents, and investments on the combined 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 classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$16,668,928	\$0
Cash on Hand	(490)	0
Investments which are part of the Cash Management Pool:		
Federal National Mortgage Association Notes	(2,968,334)	2,968,334
Federal Home Loan Mortgage Company Notes	(3,026,561)	3,026,561
Federal Home Loan Bank Notes	(5,998,650)	5,998,650
STAROhio	(580,219)	580,219
GASB Statement No. 3	<u>\$4,094,674</u>	<u>\$12,573,764</u>

Note 7 - 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 (used in business) located in the School District. Real property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

Public utility property tax revenue received in calendar 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the June 2004 personal property tax settlement was not received until July 2004.

The School District receives property taxes from Cuyahoga County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2004 was \$8,892,463 in the general fund and \$411,404 in the bond retirement debt service fund. The amount available as an advance at June 30, 2003, was \$3,345,003 in the general fund and \$154,754 in the bond retirement debt service fund. The difference was in the timing and collection by the County Auditor.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$755,439,500	95.19%	\$859,755,000	96.43%
Public Utility Property	19,900,850	2.51	17,827,640	2.00
Tangible Personal Property	18,235,730	2.30	13,995,216	1.57
Total	\$793,576,080	100.00%	\$891,577,856	100.00%
Tax rate per \$1,000 of assessed valuation	\$150.00		\$158.90	

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

Note 8 - Receivables

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year except delinquent property taxes.

Intergovernmental receivables are as follows:

	<u>Amount</u>
Governmental Activities	
Medicaid	\$171,462
Federal Nutrition	68,042
Transportation	368
Limited English Proficiency Grant	<u>5,883</u>
Total	<u><u>\$245,755</u></u>

Note 9 - Capital Assets

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

	<u>Balance 6/30/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/04</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$943,600	\$0	\$0	\$943,600
Construction in Progress	<u>70,471</u>	448,759	(477,793)	<u>41,437</u>
<i>Total Capital Assets, not being Depreciated</i>	<u>1,014,071</u>	<u>448,759</u>	<u>(477,793)</u>	<u>985,037</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,886,092	0	0	1,886,092
Buildings and Improvemets	18,644,962	955,094	0	19,600,056
Equipment	10,476,962	587,654	0	11,064,616
Vehicles	<u>2,721,402</u>	192,328	(162,000)	<u>2,751,730</u>
<i>Total Capital Assets, being Depreciated</i>	<u>33,729,418</u>	<u>1,735,076</u>	<u>(162,000)</u>	<u>35,302,494</u>
Less: Accumulated Depreciation:				
Land Improvements	(621,616)	(55,648)	0	(677,264)
Buildings and Improvements	(7,208,945)	(334,061)	0	(7,543,006)
Equipment	(8,405,503)	(1,186,380)	0	(9,591,883)
Vehicles	<u>(2,260,835)</u>	<u>(170,749)</u>	162,000	<u>(2,269,584)</u>
<i>Total Accumulated Depreciation</i>	<u>(18,496,899)</u>	<u>(1,746,838)</u>	<u>162,000</u>	<u>(20,081,737)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>15,232,519</u>	<u>(11,762)</u>	<u>0</u>	<u>15,220,757</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$16,246,590</u></u>	<u><u>\$436,997</u></u>	<u><u>(\$477,793)</u></u>	<u><u>\$16,205,794</u></u>

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$936,693
Special	16,513
Support Services:	
Pupils	12,042
Instructional Staff	75,158
Administration	61,534
Fiscal	5,512
Business	9,263
Operation and Maintenance of Plant	246,467
Pupil Transportation	181,634
Central	143,628
Operation of Non-Instructional Services	46,132
Extracurricular	12,262
Total Depreciation Expense	<u>\$1,746,838</u>

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2004, the School District contracted with Indiana Insurance Company for property and inland marine insurance. The primary deductibles are \$250 for inland marine and \$5,000 for property coverages. The boiler and machinery policy is provided by Travelers Insurance Company and has a \$1,000 deductible.

General liability coverage is provided by Indiana Insurance Company with a \$1,000,000 single occurrence limit, a \$2,000,000 aggregate and a \$2,500 deductible. Vehicles, including school buses, are covered by Indiana Insurance Company with a \$1,000 deductible for comprehensive, and a \$1,000 deductible for collision. There is a \$1,000,000 per accident combined single limit of liability. The School District also has a \$5,000,000 umbrella policy with Indiana Insurance Company that covers both general liability and vehicle policies, and Foreign Travel coverage with the Hartford Steam Boiler Company. Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

B. Workers' Compensation

The School District participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claims cost for injured employees. The balance of claims payable at June 30, 2004, represents an estimate of the liability for unpaid claims costs provided by Workers' Compensation. The claims liability reported in the internal service funds for the Workers' Compensation retrospective rating and payment system at June 30, 2004, was \$325,000.

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

C. Employee Health Benefits

The School District is self-insured for prescription drug insurance and a small portion of medical and dental insurance. Advance PCS Health Systems of Scottsdale, Arizona, the third party administrator of the program, reviews and pays the claims. Monthly premiums for prescription drug insurance are \$245.61 for family coverage and \$92.68 for single coverage. The program utilizes a \$2 prescription deductible for generic drugs and a \$5 deductible for non-generic drugs. Effective January 1, 2004, the members of the Shaker Heights Teachers' Association pay \$4 and \$12 respectively, for generic and non-generic prescription deductibles. The School District paid \$7,655 in fees to the program administrator in fiscal year 2004. The fee since October 2003 is, generally, \$.20 per claim. The liability for claims reported in the internal service funds for the medical, dental and prescription drug insurance at June 30, 2004 is \$118,300 and is based on the July 2004 actual billing.

The claims liability reported in the internal service funds at June 30, 2004 for worker's compensation and employee medical, dental and drug coverage 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 claims activity for fiscal years 2003 and 2004 are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$386,361	\$6,059,767	\$5,893,424	\$552,704
2004	552,704	7,032,757	7,142,161	443,300

Note 11 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn up to twenty-four days of vacation per year, depending upon length of service. Vacation days are credited to classified employees on July first and employees can carryover into the next fiscal year five vacation days a year. Accumulated unused vacation time is paid to classified employees upon termination of employment, with some restrictions. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can accumulate is unrestricted.

B. Health Care Benefits

Medical/surgical insurance is offered to employees through either Kaiser Permanente Insurance Company or Anthem Insurance Company. The Kaiser Permanente plan has no deductible. Individual coverage is \$248.47 per month while family coverage for a family of two is \$496.94 and for a family of three or more is \$745.41. Effective January 1, 2004, members of the Shaker Heights City Teachers' Association pay a \$10 office visit copay with slightly reduced monthly premiums. The Anthem Insurance Company provides two plans. The first plan provides medical/surgical coverage with a \$100 single deductible on the first 80 percent of covered services and 100 percent afterwards and \$200 family deductible on the first 80 percent of covered services and 100 percent afterwards per calendar year. Individual coverage is \$386.55 per month and family coverage is \$1,018.25. The second Anthem plan provides medical/surgical insurance with no deductible in the network and co-pays for office visits, urgent care and emergency

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

room services. Outside the network, the deductibles and co-payments are the same as the first plan. Individual coverage is \$229.97 per month while family coverage is \$605.46. Effective January 1, 2004 members of the Shaker Heights Teachers' Association no longer have the traditional Anthem plan as an available option.

Dental insurance is offered to employees through Anthem Insurance Company with a \$50 deductible on orthodontal and restoration services. Individual coverage is \$34.48 per month and family coverage is \$99.55 per month.

C. Life Insurance

Life insurance is offered to employees through Anthem Life Insurance Company. The Treasurer and Superintendent receive \$150,000 coverage for \$21 per month; administrators, supervisors and certified employees receive \$50,000 coverage for \$7 per month, and custodial and clerical employees receive \$30,000 for \$4.20 per month.

Note 12 - Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (216) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$1,219,781, \$885,093 and \$580,548 respectively; 63.56 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$4,498,377, \$4,143,248, and \$2,932,590 respectively; 88.47 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$56,123 made by the School District and \$103,502 made by the plan members.

Note 13 - 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 dependants are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$356,029 for fiscal year 2004.

Shaker Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll, a decrease of .92 percent from fiscal year 2003. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$749,345.

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 for the fiscal year ended 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 had approximately 50,000 participants currently receiving health care benefits.

Note 14 - Long - Term Obligations

<u>Debt Issues</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
School Improvement - 1990	7.08%	\$5,000,000	December 15, 2010
Building Addition - 1993	Various	5,000,000	June 1, 2013
Energy Conservation Improvement - 1995	5.000	1,284,230	July 12, 2005
School Improvement - 1999	5.034	9,500,000	December 1, 2019
School Improvement - 2000	Various	3,199,993	December 1, 2019

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

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

	Principal Outstanding 6/30/03	Additions	Deletions	Principal Outstanding 6/30/04	Amounts Due in One Year
Governmental Activities					
School Improvement Bonds					
1990, 7.08%	\$2,895,000	\$0	\$280,000	\$2,615,000	\$300,000
Building Addition Bonds					
1993, 5.034 %	1,625,000	0	150,000	1,475,000	150,000
Energy Conservation Improvement					
Bonds 1995, 5.00%	444,230	0	140,000	304,230	145,000
School Improvement Bonds					
1999, 5.034%	6,790,000	0	425,000	6,365,000	470,000
School Improvement Bonds 2000					
Serial and Term Bonds 4.3% - 5.375%	2,835,000	0	135,000	2,700,000	140,000
Capital Appreciation Bonds 5.00% - 5.05%	134,993	0	0	134,993	0
Accretion on Capital Appreciation Bonds	111,024	12,527	0	123,551	0
Total General Obligation Bonds	<u>14,835,247</u>	<u>12,527</u>	<u>1,130,000</u>	<u>13,717,774</u>	<u>1,205,000</u>
Compensated Absences	5,561,731	967,270	650,728	5,878,273	665,376
Total Governmental Activities	<u>\$20,396,978</u>	<u>\$979,797</u>	<u>\$1,780,728</u>	<u>\$19,596,047</u>	<u>\$1,870,376</u>

General obligation bonds for the purpose of renovating and making additions to school buildings will be paid from property taxes in the debt service fund. Compensated absences will be paid from the General, Food Service, Auxiliary Services, Goals 2000 Pacesetter, Title VI-B and Title I funds.

School Improvement Bonds On September 28, 2000, Shaker Heights City School District issued \$3,199,993 in voted general obligation bonds for the purpose of renovating and making additions to school buildings, and related site development. The bond issue included serial, term and capital appreciation bonds in the amounts \$1,885,000, \$1,180,000, and \$134,993, respectively. The bonds will be retired with a voted property tax levy from the debt service fund.

The term bonds maturing December 1, 2019, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, in each of the years 2015 through 2018 (with the balance of \$260,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

Year	Amount
2015	\$210,000
2016	225,000
2017	235,000
2018	250,000

Term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

The serial bonds maturing on or after December 1, 2011, are subject to prior redemption on or after December 1, 2010, by and at the sole option of the Board, either in whole or in part (as selected by the Board) on any interest payment date and in integral multiples of \$5,000, at par plus accrued interest to the redemption date.

The capital appreciation bonds will mature in fiscal years 2008 and 2009. The maturity amount of the bonds is \$330,000. For fiscal year 2004, \$12,527 was accreted for a total bond value of \$258,544.

The School District's overall debt margin was \$68,027,093 with an unvoted debt margin of \$891,578 at June 30, 2004. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2004, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			
	Serial and Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2005	\$1,205,000	\$678,332	\$0	\$0
2006	1,269,230	613,660	0	0
2007	1,160,000	547,695	0	0
2008	1,235,000	485,616	0	0
2009	957,635	461,842	0	0
2010-2014	3,792,365	1,463,855	134,993	195,007
2015-2019	3,120,000	591,838	0	0
2020	720,000	18,372	0	0
Total	<u>\$13,459,230</u>	<u>\$4,861,210</u>	<u>\$134,993</u>	<u>\$195,007</u>

Note 15 - Jointly Governed Organizations

A. Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2004, the School District paid \$1,031 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

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, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

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

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

B. Lakeshore Northeast Ohio Computer Association

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau that was formed for the purpose of providing data services to the eleven member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. In fiscal year 2004, the School District paid \$3,606 to LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, Ohio 44125.

Note 16 - Related Organization

The Shaker Heights Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Shaker Heights City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Shaker Heights Public Library, David Piskac, Clerk-Treasurer, at 16500 Van Aken Boulevard, Shaker Heights, Ohio 44120.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004*

Note 17 - Contingencies

A. Grants

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

B. Litigation

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

Note 18 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2004, only the unspent portion of certain workers' compensation refunds continue to be a set-aside.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2003	(\$2,303,308)	(\$5,229,158)	\$353,070
Current Year Set-Aside Requirement	819,740	819,740	0
Current Year Offset	0	(986,739)	0
Qualifying Disbursements	(1,259,601)	(426,739)	0
Totals	<u>(\$2,743,169)</u>	<u>(\$5,822,896)</u>	<u>\$353,070</u>
Set-Aside Balances Carried Forward to Future Fiscal Years	<u>(\$2,743,169)</u>	<u>(\$5,822,896)</u>	<u>\$353,070</u>
Set-Aside Reserve Balance as of June 30, 2004	<u>\$0</u>	<u>\$0</u>	<u>\$353,070</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbooks and capital improvements set-aside amounts below zero. This amount may be used to reduce the set-aside requirement of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$353,070.

Shaker Heights City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004

Note 19 - State School Funding Decision

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

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

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

Note 20 – Interfund Transfers and Balances

Transfers made during the year ended June 30, 2004 were as follows:

<u>Transfers To</u>	<u>General</u>
Non-Major Governmental Funds:	
Shaker Merchandise	\$500
Athletics	90,000
Bond Retirement	<u>162,211</u>
<i>Total All Funds</i>	<u><u>\$252,711</u></u>

The transfers were made from the general fund to the shaker merchandise and athletics special revenue funds to help support those funds and the bond retirement fund for the energy conservation loan principal and interest payments.

Note 21 – Subsequent Event

On November 2, 2004, the electors of the School District approved the issuing of \$23.5 million in bonds for twenty years for the purpose of building and facilities improvement.

On December 14, 2004, the Board approved the issuance and sale of \$3 million of Notes in anticipation of bonds.

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specific purposes.

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

Shaker Merchandise - This fund accounts for those funds received from the sale of merchandise to students, faculty, staff and community. The monies are used to purchase additional merchandise.

Athletic - This fund accounts for funds received from student activity programs which have student participation in the activity but do not have students involved in the management of the program.

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

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

Entry Teacher Program – This fund accounts for State monies which support the development of programs for teachers beginning employment with the School District.

Disadvantaged Pupil Impact Aid - This fund accounts for State monies received for disadvantaged impact aid.

Data Communication Grant - This fund is provided to account for money for Ohio Educational Computer Network Connections.

School Net Professional Development Grant - This fund accounts for State professional development subsidy grants.

Ohio Reads Community Grant - This fund is intended to 1) improve reading outcomes, especially on the fourth grade reading proficiency test and 2) for volunteer coordinators in public school buildings, for educational service centers for costs associated with volunteer coordination, for background checks for volunteers, and to evaluate the Ohio Reads Program.

Summer School - This fund accounts for State monies for summer intervention services satisfying State defined criteria.

Alternative Schools - This fund accounts for State monies for alternative education programs for existing and new at-risk and delinquent youth.

Goals 2000 Pacesetter - This fund accounts for State monies for Mercer Elementary School for a parent involvement program.

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

Limited English Proficiency – This fund accounts for Federal monies used to assist the School District in providing programs for children learning English as a second language.

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

Title V - 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 - This fund accounts for Federal monies which support the implementation of programs for drug abuse education and prevention.

Preschool Disability - This fund accounts for State monies received for the improvement and expansion of services for handicapped children ages three through five.

E-Rate - This fund is used to account for a Federal grant which is paid directly to the telecommunication service provider.

Class Size Reduction - This fund accounts for Federal monies to hire additional classroom teachers in grades one through three, so that the number of students per teacher will be reduced.

Goals 2000 - This fund accounts for Federal monies received for various purposes including improved student achievement and teacher development.

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

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

Local Grants - This fund accounts for local grants received from private foundations and individuals for various purposes such as math workshops, math enrichment or enhanced technology instruction.

Nonmajor Debt Service Fund

The Debt Service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Bond Retirement - The bond retirement fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds.

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

The Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Building - This fund accounts for revenues to be used for various capital improvements within the School District.

School Net Plus - This fund accounts for State monies used to obtain computers and related educational technology equipment and/or the necessary infrastructure for educational technology.

Shaker Heights City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Project Fund	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,010,309	\$963,054	\$868,760	\$2,842,123
Intergovernmental Receivable	73,925	0	0	73,925
Materials and Supplies Inventory	14,565	0	0	14,565
Property Taxes Receivable	0	1,932,774	0	1,932,774
<i>Total Assets</i>	<u>\$1,098,799</u>	<u>\$2,895,828</u>	<u>\$868,760</u>	<u>\$4,863,387</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$159,661	\$0	\$0	\$159,661
Accrued Wages and Benefits	345,189	0	0	345,189
Matured Compensated Absences Payable	23,667	0	0	23,667
Intergovernmental Payable	19,675	0	0	19,675
Deferred Revenue	5,883	1,516,519	0	1,522,402
<i>Total Liabilities</i>	<u>554,075</u>	<u>1,516,519</u>	<u>0</u>	<u>2,070,594</u>
Fund Balances				
Reserved for Encumbrances	458,805	2,000	451,870	912,675
Reserved for Property Taxes	0	411,404	0	411,404
Unreserved, Undesignated Reported In:				
Special Revenue Funds	85,919	0	0	85,919
Debt Service Fund	0	965,905	0	965,905
Capital Projects Funds	0	0	416,890	416,890
<i>Total Fund Balances</i>	<u>544,724</u>	<u>1,379,309</u>	<u>868,760</u>	<u>2,792,793</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,098,799</u>	<u>\$2,895,828</u>	<u>\$868,760</u>	<u>\$4,863,387</u>

Shaker Heights City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Nonmajor Special Revenue Funds	Bond Retirement Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$0	\$2,069,834	\$323,065	\$2,392,899
Intergovernmental	3,703,032	246,683	0	3,949,715
Interest	3,075	0	11,173	14,248
Tuition and Fees	75,291	0	0	75,291
Extracurricular Activities	254,088	0	0	254,088
Contributions and Donations	149,824	0	444,511	594,335
Charges for Services	701,895	0	0	701,895
Rentals	0	0	150,000	150,000
Miscellaneous	87,826	0	99,070	186,896
<i>Total Revenues</i>	<u>4,975,031</u>	<u>2,316,517</u>	<u>1,027,819</u>	<u>8,319,367</u>
Expenditures				
Current:				
Instruction:				
Regular	722,962	0	0	722,962
Special	611,656	0	0	611,656
Support Services:				
Pupils	37,699	0	0	37,699
Instructional Staff	1,134,677	0	0	1,134,677
Fiscal	50,069	0	0	50,069
Business	10,139	0	0	10,139
Operation and Maintenance of Plant	59,158	0	0	59,158
Central	3,000	0	0	3,000
Operation of Non-Instructional Services	1,170,971	0	0	1,170,971
Food Service Operations	921,209	0	0	921,209
Extracurricular Activities	364,188	0	0	364,188
Capital Outlay	0	0	2,060,855	2,060,855
Debt Service:				
Principal Retirement	0	1,130,000	0	1,130,000
Interest and Fiscal Charges	0	773,595	0	773,595
<i>Total Expenditures</i>	<u>5,085,728</u>	<u>1,903,595</u>	<u>2,060,855</u>	<u>9,050,178</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(110,697)	412,922	(1,033,036)	(730,811)
Other Financing Sources				
Transfers In	90,500	162,211	0	252,711
<i>Net Change in Fund Balances</i>	(20,197)	575,133	(1,033,036)	(478,100)
<i>Fund Balances Beginning of Year</i>	<u>564,921</u>	<u>804,176</u>	<u>1,901,796</u>	<u>3,270,893</u>
<i>Fund Balances End of Year</i>	<u>\$544,724</u>	<u>\$1,379,309</u>	<u>\$868,760</u>	<u>\$2,792,793</u>

Shaker Heights City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Public School Support	Shaker Merchandise	Athletic
Assets			
Equity in Pooled Cash and Cash Equivalents	\$59,418	\$115	\$45,152
Intergovernmental Receivable	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$59,418</u>	<u>\$115</u>	<u>\$45,152</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$4,118
Accrued Wages and Benefits	0	0	0
Matured Compensated Absences Payable	0	0	0
Intergovernmental Payable	0	0	0
Deferred Revenue	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>4,118</u>
 Fund Balances			
Reserved for Encumbrances	9,041	0	11,516
Unreserved, Undesignated (Deficit)	50,377	115	29,518
<i>Total Fund Balances (Deficit)</i>	<u>59,418</u>	<u>115</u>	<u>41,034</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$59,418</u>	<u>\$115</u>	<u>\$45,152</u>

<u>Auxiliary Services</u>	<u>Entry Teacher Program</u>	<u>Ohio Reads Community Grant</u>	<u>Summer School</u>	<u>Goals 2000 Pacesetter</u>	<u>Title VI-B</u>
\$291,242	\$2,200	\$0	\$18,933	\$9,756	\$118,703
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$291,242</u>	<u>\$2,200</u>	<u>\$0</u>	<u>\$18,933</u>	<u>\$9,756</u>	<u>\$118,703</u>
\$46,340	\$0	\$0	\$262	\$5,000	\$0
98,028	0	0	0	959	132,240
23,667	0	0	0	0	0
6,916	127	1,613	181	418	1,851
0	0	0	0	0	0
<u>174,951</u>	<u>127</u>	<u>1,613</u>	<u>443</u>	<u>6,377</u>	<u>134,091</u>
81,155	2,200	0	18,933	3,343	115,027
<u>35,136</u>	<u>(127)</u>	<u>(1,613)</u>	<u>(443)</u>	<u>36</u>	<u>(130,415)</u>
<u>116,291</u>	<u>2,073</u>	<u>(1,613)</u>	<u>18,490</u>	<u>3,379</u>	<u>(15,388)</u>
<u>\$291,242</u>	<u>\$2,200</u>	<u>\$0</u>	<u>\$18,933</u>	<u>\$9,756</u>	<u>\$118,703</u>

(continued)

Shaker Heights City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2004

	Limited English Proficiency	Title I	Title V	Drug Free Schools
Assets				
Equity in Pooled Cash and Cash Equivalents	\$298	\$229,272	\$14,070	\$6,390
Intergovernmental Receivable	5,883	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$6,181</u>	<u>\$229,272</u>	<u>\$14,070</u>	<u>\$6,390</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$14,013	\$852	\$5,338
Accrued Wages and Benefits	0	67,786	0	0
Matured Compensated Absences Payable	0	0	0	0
Intergovernmental Payable	0	2,776	0	433
Deferred Revenue	5,883	0	0	0
<i>Total Liabilities</i>	<u>5,883</u>	<u>84,575</u>	<u>852</u>	<u>5,771</u>
 Fund Balances				
Reserved for Encumbrances	207	160,942	4,593	2,786
Unreserved, Undesignated (Deficit)	91	(16,245)	8,625	(2,167)
<i>Total Fund Balances (Deficit)</i>	<u>298</u>	<u>144,697</u>	<u>13,218</u>	<u>619</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,181</u>	<u>\$229,272</u>	<u>\$14,070</u>	<u>\$6,390</u>

<u>Class Size Reduction</u>	<u>Goals 2000</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Local Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$28,694	\$12,614	\$46,242	\$16,964	\$110,246	\$1,010,309
0	0	68,042	0	0	73,925
0	0	14,565	0	0	14,565
<u>\$28,694</u>	<u>\$12,614</u>	<u>\$128,849</u>	<u>\$16,964</u>	<u>\$110,246</u>	<u>\$1,098,799</u>
\$3,347	\$0	\$5,596	\$0	\$74,795	\$159,661
0	0	43,398	0	2,778	345,189
0	0	0	0	0	23,667
1,455	10	2,478	0	1,417	19,675
0	0	0	0	0	5,883
<u>4,802</u>	<u>10</u>	<u>51,472</u>	<u>0</u>	<u>78,990</u>	<u>554,075</u>
11,443	912	14,938	210	21,559	458,805
12,449	11,692	62,439	16,754	9,697	85,919
<u>23,892</u>	<u>12,604</u>	<u>77,377</u>	<u>16,964</u>	<u>31,256</u>	<u>544,724</u>
<u>\$28,694</u>	<u>\$12,614</u>	<u>\$128,849</u>	<u>\$16,964</u>	<u>\$110,246</u>	<u>\$1,098,799</u>

Shaker Heights City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Public School Support	Shaker Merchandise	Athletic	Auxiliary Services	Management Information Systems
Revenues					
Intergovernmental	\$0	\$0	\$0	\$1,115,442	\$21,271
Interest	2,176	0	0	0	0
Tuition and Fees	11,545	0	0	0	0
Extracurricular Activities	124,979	0	129,109	0	0
Contributions and Donations	62,326	0	10,073	0	0
Charges for Services	0	358	0	0	0
Miscellaneous	12,002	6,763	0	0	0
<i>Total Revenues</i>	<u>213,028</u>	<u>7,121</u>	<u>139,182</u>	<u>1,115,442</u>	<u>21,271</u>
Expenditures					
Current:					
Instruction:					
Regular	126,862	0	0	0	0
Special	0	0	0	0	0
Support Services:					
Pupils	0	0	0	0	0
Instructional Staff	0	0	0	0	0
Fiscal	0	0	0	3,716	21,271
Business	0	10,139	0	0	0
Operation and Maintenance of Plant	0	0	6,521	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	1,143,207	0
Food Service Operations	0	0	0	0	0
Extracurricular Activities	136,338	0	227,850	0	0
<i>Total Expenditures</i>	<u>263,200</u>	<u>10,139</u>	<u>234,371</u>	<u>1,146,923</u>	<u>21,271</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(50,172)	(3,018)	(95,189)	(31,481)	0
Other Financing Sources					
Transfers In	0	500	90,000	0	0
<i>Net Change in Fund Balances</i>	(50,172)	(2,518)	(5,189)	(31,481)	0
<i>Fund Balances (Deficit) Beginning of Year</i>	109,590	2,633	46,223	147,772	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$59,418</u>	<u>\$115</u>	<u>\$41,034</u>	<u>\$116,291</u>	<u>\$0</u>

Entry Teacher Program	Disadvantaged Pupil Impact Aid	Data Communication Grant	School Net Professional Development Grant	Ohio Reads Community Grant	Summer School	Alternative Schools	Goals 2000 Pacesetter
\$12,100	\$106,252	\$24,000	\$4,140	\$20,500	\$98,256	\$66,264	\$64,251
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
12,100	106,252	24,000	4,140	20,500	98,256	66,264	64,251
0	106,252	24,000	0	29,774	65,142	69,118	1,727
0	0	0	0	0	0	0	0
0	0	0	0	2,000	0	0	110
10,027	0	0	5,693	0	14,624	0	62,769
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
10,027	106,252	24,000	5,693	31,774	79,766	69,118	64,606
2,073	0	0	(1,553)	(11,274)	18,490	(2,854)	(355)
0	0	0	0	0	0	0	0
2,073	0	0	(1,553)	(11,274)	18,490	(2,854)	(355)
0	0	0	1,553	9,661	0	2,854	3,734
\$2,073	\$0	\$0	\$0	(\$1,613)	\$18,490	\$0	\$3,379

(continued)

Shaker Heights City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2004

	Title VI-B	Limited English Proficiency	Title I	Title V	Drug Free Schools
Revenues					
Intergovernmental	\$769,535	\$51,888	\$692,085	\$42,895	\$28,104
Interest	0	0	0	0	0
Tuition and Fees	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Charges for Services	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>769,535</u>	<u>51,888</u>	<u>692,085</u>	<u>42,895</u>	<u>28,104</u>
Expenditures					
Current:					
Instruction:					
Regular	0	52,754	0	35,890	0
Special	34,001	0	577,655	0	0
Support Services:					
Pupils	12,038	0	0	0	18,444
Instructional Staff	714,549	2,247	5,033	1,161	5,958
Fiscal	11,715	872	6,339	603	425
Business	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	498	0	0	10,322	3,943
Food Service Operations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<i>Total Expenditures</i>	<u>772,801</u>	<u>55,873</u>	<u>589,027</u>	<u>47,976</u>	<u>28,770</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,266)	(3,985)	103,058	(5,081)	(666)
Other Financing Sources					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(3,266)	(3,985)	103,058	(5,081)	(666)
<i>Fund Balances (Deficit) Beginning of Year</i>	(12,122)	4,283	41,639	18,299	1,285
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$15,388)</u>	<u>\$298</u>	<u>\$144,697</u>	<u>\$13,218</u>	<u>\$619</u>

Preschool Disability	E-Rate	Class Size Reduction	Goals 2000	Food Service	Uniform School Supplies	Local Grants	Total Nonmajor Special Revenue Funds
\$18,232	\$0	\$189,215	\$35,801	\$230,477	\$0	\$112,324	\$3,703,032
0	0	0	0	893	0	6	3,075
0	0	0	0	0	63,746	0	75,291
0	0	0	0	0	0	0	254,088
0	0	0	0	0	0	77,425	149,824
0	0	0	0	701,537	0	0	701,895
0	52,637	0	0	16,424	0	0	87,826
<u>18,232</u>	<u>52,637</u>	<u>189,215</u>	<u>35,801</u>	<u>949,331</u>	<u>63,746</u>	<u>189,755</u>	<u>4,975,031</u>
0	0	40,848	22,491	0	66,058	82,046	722,962
0	0	0	0	0	0	0	611,656
0	0	0	4,677	0	0	430	37,699
16,063	0	125,764	0	0	0	170,789	1,134,677
365	0	4,668	95	0	0	0	50,069
0	0	0	0	0	0	0	10,139
0	52,637	0	0	0	0	0	59,158
0	0	0	0	0	0	3,000	3,000
0	0	8,616	1,716	0	0	0	1,168,302
0	0	0	0	923,878	0	0	923,878
0	0	0	0	0	0	0	364,188
<u>16,428</u>	<u>52,637</u>	<u>179,896</u>	<u>28,979</u>	<u>923,878</u>	<u>66,058</u>	<u>256,265</u>	<u>5,085,728</u>
1,804	0	9,319	6,822	25,453	(2,312)	(66,510)	(110,697)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,500</u>
1,804	0	9,319	6,822	25,453	(2,312)	(66,510)	(20,197)
<u>(1,804)</u>	<u>0</u>	<u>14,573</u>	<u>5,782</u>	<u>51,924</u>	<u>19,276</u>	<u>97,766</u>	<u>564,921</u>
<u>\$0</u>	<u>\$0</u>	<u>\$23,892</u>	<u>\$12,604</u>	<u>\$77,377</u>	<u>\$16,964</u>	<u>\$31,256</u>	<u>\$544,724</u>

Shaker Heights City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Building	School Net Plus	Total Nonmajor Capital Projects Funds
Revenues			
Property Taxes	\$323,065	\$0	\$323,065
Intergovernmental	0	0	0
Interest	11,173	0	11,173
Contributions and Donations	444,511	0	444,511
Rentals	150,000	0	150,000
Miscellaneous	99,070	0	99,070
<i>Total Revenues</i>	<u>1,027,819</u>	<u>0</u>	<u>1,027,819</u>
Expenditures			
Capital Outlay	<u>1,979,612</u>	<u>81,243</u>	<u>2,060,855</u>
<i>Net Change in Fund Balances</i>	(951,793)	(81,243)	(1,033,036)
<i>Fund Balances Beginning of Year</i>	<u>1,820,553</u>	<u>81,243</u>	<u>1,901,796</u>
<i>Fund Balances End of Year</i>	<u><u>\$868,760</u></u>	<u><u>\$0</u></u>	<u><u>\$868,760</u></u>

Fund Descriptions – Internal Service Funds

Internal Service Funds are established to account for the providing of goods or services by one department to other departments of the School District on a cost reimbursement basis.

Self Insurance - This fund accounts for employee and employer payments for medical, dental and prescription drug claims and administrative costs.

Workers' Compensation Reserve - This fund accounts for the costs of retrospective workers compensation claims for the fiscal years 1993, 1999, 2000, 2001, 2002, 2003 and 2004.

Shaker Heights City School District
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2004

	Self Insurance	Workers' Compensation Reserve	Totals
Assets			
<i>Current Assets:</i>			
Cash and Cash Equivalents in Segrated Accounts	\$686,432	\$325,000	\$1,011,432
Liabilities			
<i>Current Liabilities:</i>			
Claims Payable	118,300	325,000	443,300
Net Assets			
Unrestricted	\$568,132	\$0	\$568,132

Shaker Heights City School District
*Combining Statement of Revenues,
 Expenses and Changes in Fund Net Assets
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2004*

	Self Insurance	Workers' Compensation Reserve	Totals
Operating Revenues			
Charges for Services	\$6,809,146	\$58,874	\$6,868,020
Operating Expenses			
Purchased Services	7,655	0	7,655
Claims	6,973,883	58,874	7,032,757
<i>Total Operating Expenses</i>	6,981,538	58,874	7,040,412
<i>Change in Net Assets</i>	(172,392)	0	(172,392)
<i>Net Assets Beginning of Year</i>	740,524	0	740,524
<i>Net Assets End of Year</i>	\$568,132	\$0	\$568,132

Shaker Heights City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

	Self Insurance	Workers' Compensation Reserve	Totals
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Transactions with Other Funds	\$6,809,146	\$58,874	\$6,868,020
Cash Payments for Goods and Services	(7,655)	0	(7,655)
Cash Payments for Claims	(6,957,583)	(184,578)	(7,142,161)
<i>Net Decrease in Cash and Cash Equivalents</i>	(156,092)	(125,704)	(281,796)
<i>Cash and Cash Equivalents Beginning of Year</i>	842,524	450,704	1,293,228
<i>Cash and Cash Equivalents End of Year</i>	\$686,432	\$325,000	\$1,011,432
<i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i>			
<i>Operating Loss</i>	(\$172,392)	\$0	(\$172,392)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities			
Increase/(Decrease) in Liabilities:			
Claims Payable	16,300	(125,704)	(109,404)
<i>Net Cash Used for Operating Activities</i>	(\$156,092)	(\$125,704)	(\$281,796)

Fund Description – Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the School District's fiduciary fund type:

Agency Funds

Rotary - This fund reflects resources that belong to the student bodies of the various schools and are used for field trips and student testing.

Student Activities - This fund reflects resources that belong to the student bodies of the various schools.

Shaker Heights City School District
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2004

	Beginning Balance 06/30/03	Additions	Deductions	Ending Balance 06/30/04
Rotary				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$110,432	\$142,699	\$144,073	\$109,058
Liabilities				
Undistributed Monies	\$110,432	\$142,699	\$144,073	\$109,058
Student Activities				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$120,562	\$433,995	\$420,975	\$133,582
Liabilities				
Due to Students	\$120,562	\$433,995	\$420,975	\$133,582
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$230,994	\$576,694	\$565,048	\$242,640
Liabilities				
Undistributed Monies	\$110,432	\$142,699	\$144,073	\$109,058
Due to Students	120,562	433,995	420,975	133,582
<i>Total Liabilities</i>	\$230,994	\$576,694	\$565,048	\$242,640

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$49,749,134	\$48,401,710	\$50,017,185	\$1,615,475
Intergovernmental	21,089,359	21,189,359	21,838,448	649,089
Interest	400,000	400,000	288,773	(111,227)
Tuition and Fees	1,316,000	1,316,000	1,212,834	(103,166)
Charges for Services	34,000	34,000	45,723	11,723
Rentals	44,000	44,000	56,653	12,653
Miscellaneous	73,000	173,000	114,069	(58,931)
<i>Total Revenues</i>	<u>72,705,493</u>	<u>71,558,069</u>	<u>73,573,685</u>	<u>2,015,616</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	22,769,279	22,703,701	22,703,701	0
Fringe Benefits	8,699,768	6,134,966	6,130,953	4,013
Purchased Services	400,544	383,344	383,344	0
Materials and Supplies	746,856	674,489	674,488	1
Capital Outlay - New	112,144	92,303	92,303	0
Capital Outlay - Replacement	23,884	12,468	12,468	0
Other	233	769	769	0
Total Regular	<u>32,752,708</u>	<u>30,002,040</u>	<u>29,998,026</u>	<u>4,014</u>
Special:				
Salaries and Wages	4,731,705	4,603,099	4,603,099	0
Fringe Benefits	1,206,019	1,532,101	1,532,101	0
Purchased Services	4,285,073	4,092,457	4,092,457	0
Materials and Supplies	79,526	59,232	59,232	0
Capital Outlay - New	4,415	19,851	19,851	0
Total Special	<u>10,306,738</u>	<u>10,306,740</u>	<u>10,306,740</u>	<u>0</u>
Vocational:				
Salaries and Wages	78,631	77,998	77,998	0
Fringe Benefits	21,447	21,447	21,447	0
Purchased Services	219,695	220,328	220,328	0
Total Vocational	<u>319,773</u>	<u>319,773</u>	<u>319,773</u>	<u>0</u>
Total Instruction	<u>\$43,379,219</u>	<u>\$40,628,553</u>	<u>\$40,624,539</u>	<u>\$4,014</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$3,275,751	\$3,271,611	\$3,271,611	\$0
Fringe Benefits	383,993	970,813	970,813	0
Purchased Services	750,252	773,260	773,260	0
Materials and Supplies	85,971	92,279	92,279	0
Capital Outlay - New	14,914	18,733	18,733	0
Capital Outlay - Replacement	735	2,215	2,215	0
Other	165	490	490	0
Total Pupils	4,511,781	5,129,401	5,129,401	0
Instructional Staff:				
Salaries and Wages	2,474,087	2,427,798	2,427,798	0
Fringe Benefits	1,058,831	1,095,369	1,095,369	0
Purchased Services	219,947	153,138	153,138	0
Materials and Supplies	135,589	145,730	145,730	0
Capital Outlay - New	66,614	120,921	120,921	0
Capital Outlay - Replacement	4,163	16,183	16,183	0
Other	6,549	6,642	6,642	0
Total Instructional Staff	3,965,780	3,965,781	3,965,781	0
Board of Education:				
Purchased Services	3,146	3,345	3,345	0
Materials and Supplies	294	284	284	0
Other	77,483	77,294	77,294	0
Total Board of Education	80,923	80,923	80,923	0
Administration:				
Salaries and Wages	3,715,200	3,805,653	3,805,653	0
Fringe Benefits	1,444,372	1,407,445	1,407,445	0
Purchased Services	604,079	624,499	624,499	0
Materials and Supplies	228,096	158,676	158,676	0
Capital Outlay - New	64,047	49,957	49,957	0
Capital Outlay - Replacement	6,301	12,548	12,548	0
Other	9,074	12,395	12,395	0
Total Administration	6,071,169	6,071,173	6,071,173	0
Fiscal:				
Salaries and Wages and Wages	544,572	549,862	549,862	0
Fringe Benefits	293,904	326,035	110,590	215,445
Purchased Services	148,727	231,107	231,107	0
Materials and Supplies	208,396	71,903	71,903	0
Capital Outlay - New	17,311	7,135	7,135	0
Capital Outlay - Replacement	8,136	1,465	1,465	0
Other	746,435	879,958	879,958	0
Total Fiscal	\$1,967,481	\$2,067,465	\$1,852,020	\$215,445

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$427,869	\$379,488	\$379,488	\$0
Fringe Benefits	80,601	149,314	149,314	0
Purchased Services	101,310	76,595	76,595	0
Materials and Supplies	23,961	25,015	25,015	0
Capital Outlay - New	0	6,809	6,809	0
Capital Outlay - Replacement	7,844	7,803	7,803	0
Other	8,928	5,493	5,493	0
Total Business	650,513	650,517	650,517	0
Operation and Maintenance of Plant:				
Salaries and Wages	4,113,816	5,166,770	5,166,770	0
Fringe Benefits	1,489,836	1,871,168	1,871,168	0
Purchased Services	1,685,967	2,117,500	2,117,500	0
Materials and Supplies	450,107	565,314	565,314	0
Capital Outlay - New	20,986	26,358	26,358	0
Capital Outlay - Replacement	19,207	24,123	24,123	0
Other	4,294	5,393	5,393	0
Total Operation and Maintenance of Plant	7,784,213	9,776,626	9,776,626	0
Pupil Transportation:				
Salaries and Wages	1,731,676	1,748,609	1,748,609	0
Fringe Benefits	486,560	482,161	482,161	0
Purchased Services	1,623,710	1,616,577	1,616,577	0
Materials and Supplies	188,860	180,179	180,179	0
Capital Outlay - New	4,260	6,074	6,074	0
Capital Outlay - Replacement	319	1,700	1,700	0
Other	1,261	1,151	1,151	0
Total Pupil Transportation	4,036,646	4,036,451	4,036,451	0
Central:				
Salaries and Wages	666,506	688,155	688,155	0
Fringe Benefits	131,383	321,252	321,252	0
Purchased Services	486,742	303,131	303,131	0
Materials and Supplies	129,420	104,293	104,293	0
Capital Outlay - New	2,781	5,676	5,676	0
Capital Outlay - Replacement	9,317	2,350	2,350	0
Other	700	1,993	1,993	0
Total Central	1,426,849	1,426,850	1,426,850	0
Total Support Services	\$30,495,355	\$33,205,187	\$32,989,742	\$215,445

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	\$36,819	\$35,946	\$35,946	\$0
Fringe Benefits	23,148	11,444	11,444	0
Purchased Services	34,053	46,462	46,462	0
Materials and Supplies	260	428	428	0
Total Operation of Non-Instructional Services	94,280	94,280	94,280	0
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	162,448	175,518	175,518	0
Fringe Benefits	49,062	56,323	56,323	0
Purchased Services	9,435	5,500	5,500	0
Materials and Supplies	32,101	15,166	15,166	0
Capital Outlay - New	0	539	539	0
Total Academic and Subject Oriented Activities	253,046	253,046	253,046	0
Occupational Oriented Activities:				
Salaries and Wages	5,953	5,900	5,900	0
Fringe Benefits	1,589	1,643	1,643	0
Total Occupational Oriented Activities	7,542	7,543	7,543	0
Sports Oriented Activities:				
Salaries and Wages	452,195	456,386	456,386	0
Fringe Benefits	40,483	115,052	115,052	0
Purchased Services	51,607	41,097	41,097	0
Materials and Supplies	46,964	17,795	17,795	0
Total Sports Oriented Activities	591,249	630,330	630,330	0
School and Public Service				
Co-Curricular Activities:				
Salaries and Wages	55,102	50,354	50,354	0
Fringe Benefits	10,222	14,972	14,972	0
Total School and Public Service				
Co-Curricular Activities	65,324	65,326	65,326	0
Total Extracurricular Activities	917,161	956,245	956,245	0
Total Expenditures	74,886,015	74,884,265	74,664,806	219,459
Excess of Revenues Under Expenditures	(\$2,180,522)	(\$3,326,196)	(\$1,091,121)	\$2,235,075

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other Financing Uses				
Operating Transfers Out	(\$246,961)	(\$252,711)	(\$252,711)	\$0
<i>Net Change in Fund Balance</i>	(2,427,483)	(3,578,907)	(1,343,832)	2,235,075
<i>Fund Balance Beginning of Year</i>	10,299,706	10,299,706	10,299,706	0
Prior Year Encumbrances Appropriated	1,644,864	1,644,864	1,644,864	0
<i>Fund Balance End of Year</i>	<u>\$9,517,087</u>	<u>\$8,365,663</u>	<u>\$10,600,738</u>	<u>\$2,235,075</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Public School Support
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$25,000	\$25,000	\$2,176	(\$22,824)
Tuition and Fees	35,000	35,000	11,545	(23,455)
Extracurricular Activities	175,000	175,000	124,979	(50,021)
Contributions and Donations	80,000	80,000	62,326	(17,674)
Miscellaneous	35,000	35,000	12,002	(22,998)
<i>Total Revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>213,028</u>	<u>(136,972)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	75,320	75,320	60,762	14,558
Materials and Supplies	107,134	48,495	41,127	7,368
Capital Outlay - New	8,778	8,779	6,581	2,198
Other	33,965	33,965	26,733	7,232
Total Instruction	<u>225,197</u>	<u>166,559</u>	<u>135,203</u>	<u>31,356</u>
Support Services:				
Instructional Staff:				
Materials and Supplies	750	750	340	410
Other	99	250	0	250
Total Instructional Staff	<u>849</u>	<u>1,000</u>	<u>340</u>	<u>660</u>
Operation and Maintenance of Plant:				
Salaries and Wages	79	0	0	0
Total Support Services	<u>928</u>	<u>1,000</u>	<u>340</u>	<u>660</u>
Extracurricular Activities:				
Co-Curricular Activities:				
Purchased Services	45,070	26,975	21,240	5,735
Materials and Supplies	31,082	41,825	41,578	247
Other	6,382	72,300	71,993	307
Total Co-Curricular Activities	<u>82,534</u>	<u>141,100</u>	<u>134,811</u>	<u>6,289</u>
Public Service Oriented Activities:				
Purchased Services	400	400	0	400
Materials and Supplies	850	850	412	438
Other	1,900	1,900	1,815	85
Total Public Service Oriented Activities	<u>3,150</u>	<u>3,150</u>	<u>2,227</u>	<u>923</u>
Total Extracurricular Activities	<u>85,684</u>	<u>144,250</u>	<u>137,038</u>	<u>7,212</u>
<i>Total Expenditures</i>	<u>311,809</u>	<u>311,809</u>	<u>272,581</u>	<u>39,228</u>
<i>Net Change in Fund Balance</i>	38,191	38,191	(59,553)	(97,744)
<i>Fund Balance Beginning of Year</i>	97,781	97,781	97,781	0
Prior Year Encumbrances Appropriated	<u>11,809</u>	<u>11,809</u>	<u>11,809</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$147,781</u>	<u>\$147,781</u>	<u>\$50,037</u>	<u>(\$97,744)</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Shaker Merchandise
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$358	\$358
Miscellaneous	20,000	15,000	6,763	(8,237)
<i>Total Revenues</i>	<u>20,000</u>	<u>15,000</u>	<u>7,121</u>	<u>(7,879)</u>
Expenditures				
Current:				
Support Services:				
Business:				
Materials and Supplies	13,303	13,303	9,706	3,597
Other	1,993	1,993	433	1,560
<i>Total Expenditures</i>	<u>15,296</u>	<u>15,296</u>	<u>10,139</u>	<u>5,157</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	4,704	(296)	(3,018)	(2,722)
Other Financing Sources				
Transfers In	0	5,000	500	(4,500)
<i>Net Change in Fund Balance</i>	4,704	4,704	(2,518)	(7,222)
<i>Fund Balance Beginning of Year</i>	2,337	2,337	2,337	0
Prior Year Encumbrances Appropriated	296	296	296	0
<i>Fund Balance End of Year</i>	<u>\$7,337</u>	<u>\$7,337</u>	<u>\$115</u>	<u>(\$7,222)</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Athletic
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Extracurricular Activities	\$360,000	\$260,000	\$129,109	(\$130,891)
Contributions and Donations	45,000	45,000	10,073	(34,927)
Miscellaneous	45,000	45,000	0	(45,000)
<i>Total Revenues</i>	<u>450,000</u>	<u>350,000</u>	<u>139,182</u>	<u>(210,818)</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Salaries and Wages	7,712	7,712	5,600	2,112
Fringe Benefits	921	921	921	0
<i>Total Operation and Maintenance of Plant</i>	<u>8,633</u>	<u>8,633</u>	<u>6,521</u>	<u>2,112</u>
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	12,717	12,718	5,965	6,753
Fringe Benefits	695	2,354	2,321	33
Purchased Services	169,424	138,792	93,722	45,070
Materials and Supplies	168,779	138,479	83,033	55,446
Capital Outlay - New	21,822	42,720	19,909	22,811
Other	26,813	65,187	34,302	30,885
<i>Total Extracurricular Activities</i>	<u>400,250</u>	<u>400,250</u>	<u>239,252</u>	<u>160,998</u>
<i>Total Expenditures</i>	<u>408,883</u>	<u>408,883</u>	<u>245,773</u>	<u>163,110</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	41,117	(58,883)	(106,591)	(47,708)
Other Financing Sources				
Transfers In	0	100,000	90,000	(10,000)
<i>Net Change in Fund Balance</i>	41,117	41,117	(16,591)	(57,708)
<i>Fund Balance Beginning of Year</i>	37,491	37,491	37,491	0
Prior Year Encumbrances Appropriated	8,883	8,883	8,883	0
<i>Fund Balance End of Year</i>	<u>\$87,491</u>	<u>\$87,491</u>	<u>\$29,783</u>	<u>(\$57,708)</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Auxiliary Services
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,500,000	\$1,500,000	\$1,115,442	(\$384,558)
Expenditures				
Support Services:				
Fiscal:				
Other	0	3,716	3,716	0
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	88,742	534,854	463,027	71,827
Fringe Benefits	106,900	157,315	103,527	53,788
Purchased Services	917,149	394,654	354,127	40,527
Materials and Supplies	56,245	116,245	110,696	5,549
Capital Outlay - New	163,058	234,699	233,193	1,506
Total Community Services	1,332,094	1,437,767	1,264,570	173,197
<i>Total Expenditures</i>	1,332,094	1,441,483	1,268,286	173,197
<i>Net Change in Fund Balance</i>	167,906	58,517	(152,844)	(211,361)
<i>Fund Balance Beginning of Year</i>	93,947	93,947	93,947	0
Prior Year Encumbrances Appropriated	232,094	232,094	232,094	0
<i>Fund Balance End of Year</i>	\$493,947	\$384,558	\$173,197	(\$211,361)

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Management Information Systems
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	<u>\$25,000</u>	<u>\$21,271</u>	<u>\$21,271</u>	<u>\$0</u>
Expenditures:				
Current:				
Support Services:				
Fiscal:				
Purchased Services	<u>25,000</u>	<u>21,271</u>	<u>21,271</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Entry Teacher Program
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$11,547	\$12,400	\$12,100	(\$300)
Expenditures:				
Current:				
Support Services:				
Instructional Staff:				
Salaries and Wages	0	6,624	6,624	0
Fringe Benefits	0	1,076	1,076	0
Purchased Services	0	1,000	1,000	0
Materials and Supplies	0	1,200	1,200	0
Total Support Services	0	9,900	9,900	0
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	0	2,200	2,200	0
<i>Total Expenditures</i>	0	12,100	12,100	0
<i>Net Change in Fund Balance</i>	11,547	300	0	(300)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$11,547	\$300	\$0	(\$300)

Shaker Heights City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Disadvantaged Pupil Impact Aid
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$150,953	\$106,252	\$106,252	\$0
Expenditures				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	115,000	106,252	106,252	0
<i>Net Change in Fund Balance</i>	35,953	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$35,953</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Data Communication Grant
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$30,000	\$26,538	\$24,000	(\$2,538)
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	30,000	24,000	24,000	0
<i>Net Change in Fund Balance</i>	0	2,538	0	(2,538)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$2,538	\$0	(\$2,538)

Shaker Heights City School District
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Professional Development Grant
For the Fiscal Year Ended June 30, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$4,600	\$4,833	\$4,140	(\$693)
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Purchased Services	5,410	5,693	5,693	0
<i>Net Change in Fund Balance</i>	(810)	(860)	(1,553)	(693)
<i>Fund Balance Beginning of Year</i>	1,143	1,143	1,143	0
<i>Prior Year Encumbrances Appropriated</i>	410	410	410	0
<i>Fund Balance End of Year</i>	\$743	\$693	\$0	(\$693)

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Reads Community Grant
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$17,500	\$20,500	\$20,500	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	4,000	2,000	2,000	0
Purchased Services	8,000	8,000	8,000	0
Materials and Supplies	7,729	18,229	18,229	0
Total Instruction	19,729	28,229	28,229	0
Support Services:				
Pupils:				
Salaries and Wages	0	2,000	2,000	0
<i>Total Expenditures</i>	19,729	30,229	30,229	0
<i>Net Change in Fund Balance</i>	(2,229)	(9,729)	(9,729)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	9,729	9,729	9,729	0
<i>Fund Balance End of Year</i>	\$7,500	\$0	\$0	\$0

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Summer School
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	<u>\$12,500</u>	<u>\$98,256</u>	<u>\$98,256</u>	<u>\$0</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	40,000	40,000	0
Fringe Benefits	0	12,000	12,000	0
Materials and Supplies	<u>0</u>	<u>25,250</u>	<u>25,250</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>77,250</u>	<u>77,250</u>	<u>0</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	0	5,000	5,000	0
Fringe Benefits	0	1,500	1,500	0
Purchased Services	0	4,550	4,550	0
Materials and Supplies	<u>0</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>
Total Instructional Staff	0	18,550	18,550	0
Fiscal:				
Other	<u>0</u>	<u>2,456</u>	<u>2,456</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>21,006</u>	<u>21,006</u>	<u>0</u>
<i>Total Expenditures</i>	<u>0</u>	<u>98,256</u>	<u>98,256</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	12,500	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,500</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Alternative Schools
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$64,340	\$68,117	\$66,264	(\$1,853)
Expenditures				
Current:				
Instruction:				
Regular Instruction:				
Purchased Services	2,838	69,102	69,102	0
Materials and Supplies	670	670	670	0
<i>Total Expenditures</i>	3,508	69,772	69,772	0
<i>Net Change in Fund Balance</i>	60,832	(1,655)	(3,508)	(1,853)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	3,508	3,508	3,508	0
<i>Fund Balance End of Year</i>	\$64,340	\$1,853	\$0	(\$1,853)

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Goals 2000 Pacesetter
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$44,777	\$64,251	\$64,251	\$0
Expenditures				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	3,133	0	0	0
Fringe Benefits	3,301	0	0	0
Purchased Services	19,878	955	245	710
Materials and Supplies	8,039	2,095	1,192	903
Capital Outlay - New	515	515	515	0
Total Instruction	34,866	3,565	1,952	1,613
Support Services:				
Pupils:				
Salaries and Wages	95	95	95	0
Fringe Benefits	0	15	15	0
Total Pupils	95	110	110	0
Instructional Staff:				
Salaries and Wages	163	33,032	33,032	0
Fringe Benefits	0	6,867	6,867	0
Purchased Services	10,749	16,025	16,025	0
Materials and Supplies	2,627	9,875	9,875	0
Total Instructional Staff	13,539	65,799	65,799	0
Central:				
Purchased Services	1,000	0	0	0
Materials and Supplies	500	0	0	0
Total Central	1,500	0	0	0
Total Support Services	15,134	65,909	65,909	0
<i>Total Expenditures</i>	50,000	69,474	67,861	1,613
<i>Net Change in Fund Balance</i>	(5,223)	(5,223)	(3,610)	1,613
<i>Fund Balance Beginning of Year</i>	5,223	5,223	5,223	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$1,613	\$1,613

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title VI-B
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$817,399	\$769,535	\$769,535	\$0
Expenditures				
Current:				
Instruction:				
Special Instruction:				
Purchased Services	150,000	4,001	4,001	0
Materials and Supplies	150,000	10,001	10,001	0
Capital Outlay - New	0	19,999	19,999	0
Total Instruction	300,000	34,001	34,001	0
Support Services:				
Pupils:				
Salaries and Wages	3,494	12,038	12,038	0
Instructional Staff:				
Salaries and Wages	371,060	673,051	673,051	0
Fringe Benefits	144,029	144,029	144,029	0
Total Instructional Staff	515,089	817,080	817,080	0
Fiscal:				
Other	15,392	15,391	11,715	3,676
Total Support Services	533,975	844,509	840,833	3,676
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	498	498	498	0
<i>Total Expenditures</i>	834,473	879,008	875,332	3,676
<i>Net Change in Fund Balance</i>	(17,074)	(109,473)	(105,797)	3,676
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	109,473	109,473	109,473	0
<i>Fund Balance End of Year</i>	\$92,399	\$0	\$3,676	\$3,676

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Limited English Proficiency
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$27,326	\$57,062	\$51,888	(\$5,174)
Expenditures				
Current:				
Instruction:				
Regular Instruction:				
Salaries and Wages	6,395	38,679	38,679	0
Fringe Benefits	6,952	10,050	6,550	3,500
Materials and Supplies	6,378	9,290	7,525	1,765
Total Instruction	19,725	58,019	52,754	5,265
Support Services:				
Instructional Staff:				
Purchased Services	613	1,613	1,613	0
Materials and Supplies	841	841	841	0
Total Instructional Staff	1,454	2,454	2,454	0
Fiscal:				
Other	832	872	872	0
Total Support Services	2,286	3,326	3,326	0
<i>Total Expenditures</i>	22,011	61,345	56,080	5,265
<i>Net Change in Fund Balance</i>	5,315	(4,283)	(4,192)	91
<i>Fund Balance Beginning of Year</i>	2,272	2,272	2,272	0
<i>Prior Year Encumbrances Appropriated</i>	2,011	2,011	2,011	0
<i>Fund Balance End of Year</i>	\$9,598	\$0	\$91	\$91

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title I
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$382,423	\$692,086	\$692,085	(\$1)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	402,599	535,033	535,033	0
Fringe Benefits	28,000	130,163	130,163	0
Materials and Supplies	5,248	35,700	30,539	5,161
Capital Outlay - New	0	40,984	31,374	9,610
Total Instruction	435,847	741,880	727,109	14,771
Support Services:				
Instructional Staff:				
Purchased Services	18,028	22,980	6,693	16,287
Materials and Supplies	9,733	7,009	674	6,335
Total Instructional Staff	27,761	29,989	7,367	22,622
Fiscal:				
Other	8,642	14,552	6,339	8,213
Total Support Services	36,403	44,541	13,706	30,835
Operation of Non-Instructional Services:				
Community Service Operations:				
Purchased Services	2,500	6,950	0	6,950
Materials and Supplies	0	1,761	0	1,761
Total Operation of Non-Instructional Services	2,500	8,711	0	8,711
<i>Total Expenditures</i>	474,750	795,132	740,815	54,317
<i>Net Change in Fund Balance</i>	(92,327)	(103,046)	(48,730)	54,316
<i>Fund Balance Beginning of Year</i>	28,297	28,297	28,297	0
Prior Year Encumbrances Appropriated	74,749	74,749	74,749	0
<i>Fund Balance End of Year</i>	\$10,719	\$0	\$54,316	\$54,316

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Title V
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$73,935	\$53,593	\$53,592	(\$1)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	55,905	16,133	16,133	0
Fringe Benefits	229	5,409	5,409	0
Materials and Supplies	10,030	17,662	13,514	4,148
Total Instruction	66,164	39,204	35,056	4,148
Support Services:				
Instructional Staff:				
Salaries and Wages	395	395	70	325
Fringe Benefits	50	50	50	0
Purchased Services	1,993	1,041	1,041	0
Materials and Supplies	301	0	0	0
Total Instructional Staff	2,739	1,486	1,161	325
Fiscal:				
Other	690	603	603	0
Total Support Services	3,429	2,089	1,764	325
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	9,331	14,030	9,025	5,005
Materials and Supplies	2,631	5,890	5,890	0
Total Operation of Non-Instructional Services	11,962	19,920	14,915	5,005
<i>Total Expenditures</i>	81,555	61,213	51,735	9,478
<i>Net Change in Fund Balance</i>	(7,620)	(7,620)	1,857	9,477
<i>Fund Balance Beginning of Year</i>	1,065	1,065	1,065	0
Prior Year Encumbrances Appropriated	6,555	6,555	6,555	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$9,477	\$9,477

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Free Schools
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$34,978	\$28,104	\$28,104	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	1,000	0	0	0
Support Services:				
Pupils:				
Salaries and Wages	30,100	14,943	14,943	0
Fringe Benefits	0	3,795	3,795	0
Total Pupils	30,100	18,738	18,738	0
Instructional Staff:				
Purchased Services	170	187	187	0
Capital Outlay - New	1,000	1,000	825	175
Total Instructional Staff	1,170	1,187	1,012	175
Fiscal:				
Other	522	628	425	203
Total Support Services	31,792	20,553	20,175	378
Operation of Non-Instructional Services:				
Community Service Operations:				
Purchased Services	3,765	9,130	5,904	3,226
<i>Total Expenditures</i>	36,557	29,683	26,079	3,604
<i>Net Change in Fund Balance</i>	(1,579)	(1,579)	2,025	3,604
<i>Fund Balance Beginning of Year</i>	22	22	22	0
<i>Prior Year Encumbrances Appropriated</i>	1,557	1,557	1,557	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$3,604	\$3,604

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Preschool Disability
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$20,252	\$22,146	\$18,232	(\$3,914)
Expenditures				
Current:				
Instruction:				
Special:				
Capital Outlay - New	1,800	1,800	0	1,800
Support Services:				
Instructional Staff:				
Salaries and Wages	12,623	14,422	14,422	0
Fringe Benefits	5,885	4,118	4,118	0
Total Instructional Staff	18,508	18,540	18,540	0
Fiscal:				
Other	365	365	365	0
<i>Total Expenditures</i>	20,673	20,705	18,905	1,800
<i>Net Change in Fund Balance</i>	(421)	1,441	(673)	(2,114)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	673	673	673	0
<i>Fund Balance End of Year</i>	\$252	\$2,114	\$0	(\$2,114)

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
E-Rate
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$0	\$52,637	\$52,637	\$0
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	0	52,637	52,637	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Class Size Reduction
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$173,931	\$191,927	\$189,215	(\$2,712)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	90,651	43,404	43,404	0
Fringe Benefits	21,000	9,027	9,027	0
Materials and Supplies	14,958	0	0	0
Total Instruction	126,609	52,431	52,431	0
Support Services:				
Instructional Staff:				
Salaries and Wages	3,359	60,101	60,101	0
Fringe Benefits	35,608	16,499	16,499	0
Purchased Services	11,980	49,072	45,875	3,197
Materials and Supplies	125	12,419	4,811	7,608
Capital Outlay - New	0	5,500	5,500	0
Total Instructional Staff	51,072	143,591	132,786	10,805
Fiscal Services:				
Other	4,551	4,668	4,668	0
Total Support Services	55,623	148,259	137,454	10,805
Operation of Non-Instructional Services:				
Community Service Operations:				
Purchased Services	22,657	19,482	16,384	3,098
<i>Total Expenditures</i>	204,889	220,172	206,269	13,903
<i>Net Change in Fund Balance</i>	(30,958)	(28,245)	(17,054)	11,191
<i>Fund Balance Beginning of Year</i>	1,069	1,069	1,069	0
Prior Year Encumbrances Appropriated	29,889	29,889	29,889	0
<i>Fund Balance End of Year</i>	\$0	\$2,713	\$13,904	\$11,191

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Goals 2000
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$44,756	\$42,910	\$35,801	(\$7,109)
Expenditures				
Current:				
Instruction:				
Regular:				
Fringe Benefits	1,350	0	0	0
Purchased Services	17,824	10,510	10,190	320
Materials and Supplies	7,099	8,779	4,566	4,213
Capital Outlay - New	0	7,735	7,735	0
Total Instruction	26,273	27,024	22,491	4,533
Support Services:				
Pupils:				
Purchased Services	7,315	7,315	7,315	0
Instructional Staff:				
Salaries and Wages	9,210	4,016	0	4,016
Fringe Benefits	1,350	1,350	0	1,350
Total Instructional Staff	10,560	5,366	0	5,366
Fiscal:				
Other	1,802	367	95	272
Total Support Services	19,677	13,048	7,410	5,638
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	7,062	3,994	2,466	1,528
Materials and Supplies	0	152	152	0
Total Operation of Non-Instructional Services	7,062	4,146	2,618	1,528
<i>Total Expenditures</i>	53,012	44,218	32,519	11,699
<i>Net Change in Fund Balance</i>	(8,256)	(1,308)	3,282	4,590
<i>Fund Balance Beginning of Year</i>	5,408	5,408	5,408	0
<i>Prior Year Encumbrances Appropriated</i>	3,012	3,012	3,012	0
<i>Fund Balance End of Year</i>	\$164	\$7,112	\$11,702	\$4,590

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$741,500	\$741,500	\$701,537	(\$39,963)
Interest	500	500	893	393
Operating Grants	168,000	168,000	160,809	(7,191)
Miscellaneous	25,000	25,000	16,424	(8,576)
<i>Total Revenues</i>	935,000	935,000	879,663	(55,337)
Expenditures				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	326,704	326,704	319,194	7,510
Fringe Benefits	135,077	135,077	134,602	475
Purchased Services	23,523	23,523	15,216	8,307
Materials and Supplies	458,749	458,749	431,833	26,916
Capital Outlay - Replacement	1,860	1,860	1,856	4
Other	29,087	29,087	28,287	800
<i>Total Expenditures</i>	975,000	975,000	930,988	44,012
<i>Excess of Revenues Under Expenditures</i>	(40,000)	(40,000)	(51,325)	(11,325)
Other Financing Sources				
Transfers In	5,000	5,000	0	(5,000)
<i>Net Change in Fund Balance</i>	(35,000)	(35,000)	(51,325)	(16,325)
<i>Fund Balance Beginning of Year</i>	77,033	77,033	77,033	0
<i>Fund Balance End of Year</i>	\$42,033	\$42,033	\$25,708	(\$16,325)

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Uniform School Supplies
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$125,000	\$125,000	\$65,788	(\$59,212)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	96,100	96,100	66,268	29,832
<i>Net Change in Fund Balance</i>	28,900	28,900	(480)	(29,380)
<i>Fund Balance Beginning of Year</i>	17,134	17,134	17,134	0
Prior Year Encumbrances Appropriated	100	100	100	0
<i>Fund Balance End of Year</i>	\$46,134	\$46,134	\$16,754	(\$29,380)

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Local Grants
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$247,000	\$172,569	\$112,324	(\$60,245)
Interest	0	6	6	0
Contributions and Donations	3,000	77,425	77,425	0
<i>Total Revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>189,755</u>	<u>(60,245)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	0	46,850	46,850	0
Fringe Benefits	8,924	19,191	19,191	0
Purchased Services	3,061	14,709	12,102	2,607
Materials and Supplies	11,100	11,901	10,843	1,058
Capital Outlay - New	98,120	74,551	73,425	1,126
Other	1,249	1,000	0	1,000
Total Instruction	<u>122,454</u>	<u>168,202</u>	<u>162,411</u>	<u>5,791</u>
Support Services:				
Pupils:				
Purchased Services	127	2,234	0	2,234
Materials and Supplies	130	3,159	430	2,729
Total Pupils	<u>257</u>	<u>5,393</u>	<u>430</u>	<u>4,963</u>
Instructional Staff:				
Salaries and Wages	285	3,753	3,753	0
Fringe Benefits	224	1,142	1,142	0
Purchased Services	1,549	107,610	106,328	1,282
Materials and Supplies	237	362	325	37
Total Instructional Staff	<u>2,295</u>	<u>112,867</u>	<u>111,548</u>	<u>1,319</u>
Fiscal:				
Capital Outlay - New	180	2,500	0	2,500
Central				
Purchased Services	325	3,000	3,000	0
Total Support Services	<u>3,057</u>	<u>123,760</u>	<u>114,978</u>	<u>8,782</u>
<i>Total Expenditures</i>	<u>125,511</u>	<u>291,962</u>	<u>277,389</u>	<u>14,573</u>
<i>Net Change in Fund Balance</i>	124,489	(41,962)	(87,634)	(45,672)
<i>Fund Balance Beginning of Year</i>	86,695	86,695	86,695	0
Prior Year Encumbrances Appropriated	<u>15,511</u>	<u>15,511</u>	<u>15,511</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$226,695</u>	<u>\$60,244</u>	<u>\$14,572</u>	<u>(\$45,672)</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Bond Retirement
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,783,464	\$1,789,361	\$1,813,576	\$24,215
Intergovernmental	270,000	247,000	246,683	(317)
<i>Total Revenues</i>	<u>2,053,464</u>	<u>2,036,361</u>	<u>2,060,259</u>	<u>23,898</u>
Expenditures				
Debt Service:				
Principal Retirement	1,359,085	1,213,783	1,130,000	83,783
Interest and Fiscal Charges	640,915	786,217	775,595	10,622
<i>Total Expenditures</i>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,905,595</u>	<u>94,405</u>
<i>Excess of Revenues Over Expenditures</i>	53,464	36,361	154,664	118,303
Other Financing Sources				
Transfers In	162,212	162,212	162,211	(1)
<i>Net Change in Fund Balance</i>	215,676	198,573	316,875	118,302
<i>Fund Balance Beginning of Year</i>	<u>644,179</u>	<u>644,179</u>	<u>644,179</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$859,855</u></u>	<u><u>\$842,752</u></u>	<u><u>\$961,054</u></u>	<u><u>\$118,302</u></u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
Building
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$150,000	\$150,000	\$323,065	\$173,065
Interest	30,000	10,000	11,173	1,173
Rentals	80,000	100,000	150,000	50,000
Contributions and Donations	390,000	390,000	444,511	54,511
Miscellaneous	0	0	99,070	99,070
<i>Total Revenues</i>	<u>650,000</u>	<u>650,000</u>	<u>1,027,819</u>	<u>377,819</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	1,804,729	1,955,298	1,953,814	1,484
Materials and Supplies	138,068	140,943	128,973	11,970
Capital Outlay	277,505	171,777	171,707	70
Capital Outlay - Replacement	114,656	69,816	69,218	598
Total Operation and Maintenance of Plant	<u>2,334,958</u>	<u>2,337,834</u>	<u>2,323,712</u>	<u>14,122</u>
Pupil Transportation:				
Purchased Services	9,187	9,187	9,187	0
Capital Outlay - Replacement	79,340	170,028	170,028	0
Total Pupil Transportation	<u>88,527</u>	<u>179,215</u>	<u>179,215</u>	<u>0</u>
Central:				
Capital Outlay - New	93,564	0	0	0
<i>Total Expenditures</i>	<u>2,517,049</u>	<u>2,517,049</u>	<u>2,502,927</u>	<u>14,122</u>
<i>Net Change in Fund Balance</i>	(1,867,049)	(1,867,049)	(1,475,108)	391,941
<i>Fund Balance Beginning of Year</i>	1,374,949	1,374,949	1,374,949	0
Prior Year Encumbrances Appropriated	517,049	517,049	517,049	0
<i>Fund Balance End of Year</i>	<u>\$24,949</u>	<u>\$24,949</u>	<u>\$416,890</u>	<u>\$391,941</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Plus
For the Fiscal Year Ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$51,783	\$90,582	\$0	(\$90,582)
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay	<u>68,761</u>	<u>81,243</u>	<u>81,243</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(16,978)	9,339	(81,243)	(90,582)
<i>Fund Balance Beginning of Year</i>	12,482	12,482	12,482	0
<i>Prior Year Encumbrances Appropriated</i>	<u>68,761</u>	<u>68,761</u>	<u>68,761</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$64,265</u></u>	<u><u>\$90,582</u></u>	<u><u>\$0</u></u>	<u><u>(\$90,582)</u></u>

Shaker Heights City School District
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$6,900,000	\$6,900,000	\$6,809,146	(\$90,854)
Expenses				
Purchased Services	0	7,655	7,655	0
Claims	7,700,004	7,692,349	6,957,583	734,766
<i>Total Expenses</i>	7,700,004	7,700,004	6,965,238	734,766
<i>Net Change in Fund Equity</i>	(800,004)	(800,004)	(156,092)	643,912
<i>Fund Equity Beginning of Year</i>	842,520	842,520	842,520	0
<i>Prior Year Encumbrances Appropriated</i>	4	4	4	0
<i>Fund Equity End of Year</i>	<u>\$42,520</u>	<u>\$42,520</u>	<u>\$686,432</u>	<u>\$643,912</u>

Shaker Heights City School District
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Workers' Compensation Reserve
For the Fiscal Year Ended June 30, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$200,000	\$200,000	\$58,874	(\$141,126)
Expenses				
Claims	300,000	300,000	184,578	115,422
<i>Net Change in Fund Equity</i>	(100,000)	(100,000)	(125,704)	(25,704)
<i>Fund Equity Beginning of Year</i>	450,704	450,704	450,704	0
<i>Fund Equity End of Year</i>	<u>\$350,704</u>	<u>\$350,704</u>	<u>\$325,000</u>	<u>(\$25,704)</u>

Statistical Section

Shaker Heights City School District
*Governmental Activities Revenues by Source
and Expenses by Function
Last Two Fiscal Years*

	2004	2003
<i>Program Revenues</i>		
Charges for Services	\$2,542,248	\$2,497,047
Operating Grants and Contributions	3,841,488	3,105,585
Capital Grants and Contributions	444,511	145,573
 <i>General Revenues</i>		
Property Taxes	58,953,749	42,194,735
Intergovernmental	22,160,812	21,576,741
Interest	169,849	388,345
Miscellaneous	205,201	136,845
 Total	 \$88,317,858	 \$70,044,871
 <i>Expenses</i>		
Current:		
Instruction:		
Regular	\$32,864,526	\$31,814,593
Special	10,008,927	9,238,257
Vocational	242,694	293,396
Support Services:		
Pupils	5,169,180	5,012,167
Instructional Staff	5,203,618	4,970,899
Board of Education	81,020	44,557
Administration	6,098,561	5,579,077
Fiscal	1,641,345	1,626,208
Business	636,841	667,241
Operation and Maintenance of Plant	10,509,814	10,329,284
Pupil Transportation	4,065,825	3,802,122
Central	1,488,606	1,655,119
Operation of Non-Instructional Services	1,202,617	1,317,092
Food Service Operation	921,209	946,834
Extracurricular Activities	1,332,974	1,131,817
Interest and Fiscal Charges	775,725	858,143
 Total	 \$82,243,482	 \$79,286,806

Source: School District Financial Records

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Shaker Heights City School District

General Fund

Revenues by Source and Expenditures by Function (1)

Last Ten Fiscal Years

	2004	2003	2002	2001	2000
Revenues					
Property Taxes	\$55,646,222	\$39,835,873	\$54,293,414	\$42,151,723	\$41,099,368
Intergovernmental	21,927,411	21,288,085	21,104,292	16,505,145	14,970,356
Interest	155,601	344,970	501,808	734,826	819,302
Tuition and Fees	1,212,834	1,275,123	1,536,024	926,828	1,076,931
Contributions and Donations	0	0	0	0	0
Charges for Services	45,723	29,687	32,996	30,487	0
Rentals	6,653	98,967	43,243	47,510	50,653
Miscellaneous	114,069	92,301	71,750	76,101	20,093
Total	<u><u>\$79,108,513</u></u>	<u><u>\$62,965,006</u></u>	<u><u>\$77,583,527</u></u>	<u><u>\$60,472,620</u></u>	<u><u>\$58,036,703</u></u>
Expenditures					
Current:					
Instruction:					
Regular	\$30,291,990	\$29,885,136	\$27,981,773	\$26,250,206	\$26,092,946
Special	9,232,803	8,697,554	7,607,235	7,229,599	6,499,476
Vocational	236,759	289,951	229,153	244,799	338,095
Support Services:					
Pupils	5,135,806	4,758,959	4,435,831	4,035,949	4,006,461
Instructional Staff	3,917,587	4,039,795	3,913,078	3,875,809	3,765,886
Board of Education	80,848	44,557	71,907	57,321	44,778
Administration	6,082,455	5,531,587	5,296,284	5,100,343	4,839,108
Fiscal	1,583,831	1,584,756	1,523,559	1,368,575	1,448,829
Business	620,833	649,274	695,518	681,945	735,562
Operation and Maintenance					
of Plant	9,622,925	8,536,637	8,427,864	8,028,917	7,357,041
Pupil Transportation	3,841,783	3,659,578	3,515,732	3,264,343	3,194,117
Central	1,332,852	1,408,484	1,135,390	1,295,220	1,265,433
Operation of Non-Instructional					
Services	87,606	195,023	83,898	76,981	183,828
Extracurricular Activities	966,292	859,731	825,984	766,653	740,718
Capital Outlay	0	0	0	0	0
Debt Service	0	0	10,305	15,669	5,323
Total	<u><u>\$73,034,370</u></u>	<u><u>\$70,141,022</u></u>	<u><u>\$65,753,511</u></u>	<u><u>\$62,292,329</u></u>	<u><u>\$60,517,601</u></u>

Source: School District Financial Records.

(1) Prepared on a modified accrual basis of accounting.

1999	1998	1997	1996	1995
\$42,563,895	\$41,195,212	\$41,269,488	\$38,561,143	\$35,766,315
14,459,135	12,595,654	11,130,410	10,631,049	10,244,094
810,924	896,297	680,412	397,422	235,592
995,307	729,347	375,043	136,271	268,994
0	300	0	0	0
0	0	0	52,605	26,673
56,880	48,292	53,174	5,891	53,708
159,202	380,356	35,540	42,036	54,620
<u>\$59,045,343</u>	<u>\$55,845,458</u>	<u>\$53,544,067</u>	<u>\$49,826,417</u>	<u>\$46,649,996</u>

\$25,120,166	\$23,624,031	\$21,745,023	\$21,406,807	\$21,548,351
6,170,717	6,586,739	5,910,984	5,090,868	4,702,390
265,844	319,757	280,304	239,057	202,117
3,557,365	3,048,106	2,747,518	2,707,445	2,763,273
3,276,152	2,835,348	2,595,372	2,289,529	2,764,031
61,146	58,518	50,216	53,576	79,054
4,519,966	4,307,472	3,773,142	3,731,610	3,850,398
1,278,091	1,191,687	615,198	578,563	665,011
687,948	800,206	1,160,716	1,248,045	1,203,322
6,732,184	6,563,450	6,250,728	5,918,655	6,586,916
2,755,507	1,877,529	1,799,479	1,800,917	1,840,296
1,044,950	978,612	868,798	812,516	904,322
178,280	39,015	40,315	55,047	64,349
708,418	647,506	678,757	594,881	587,141
154,399	0	0	0	0
12,777	12,776	12,776	12,776	7,453
<u>\$56,523,910</u>	<u>\$52,890,752</u>	<u>\$48,529,326</u>	<u>\$46,540,292</u>	<u>\$47,768,424</u>

Shaker Heights City School District
Property Tax Levies and Collections
Last Ten Years

Year (1)	Total Tax Levy	Current Tax Collection	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes (2)	Ratio of Delinquent Taxes to Total Tax Levy
2003	\$60,781,197	\$52,442,163	86.28%	\$2,755,165	\$55,197,328	90.81%	\$5,823,933	9.58%
2002	61,031,382	53,061,790	86.94	2,696,283	55,758,073	91.36	4,853,033	7.95
2001	59,395,866	53,242,741	89.64	2,025,582	55,268,323	93.05	4,107,206	6.91
2000	51,218,889	46,518,513	90.82	2,114,816	48,633,329	94.95	3,047,657	5.95
1999	51,196,890	45,983,102	89.82	2,163,870	48,146,972	94.04	2,842,481	5.55
1998	50,424,327	45,702,584	90.64	1,452,484	47,155,068	93.52	3,043,317	6.04
1997	50,453,727	46,020,347	91.21	1,292,784	47,313,131	93.78	2,659,658	5.27
1996	49,997,697	46,268,767	92.54	1,143,568	47,412,335	94.83	2,472,180	4.94
1995	44,221,209	40,282,334	91.09	1,094,964	41,377,298	93.57	2,394,040	5.41
1994	44,856,857	39,999,148	89.17	1,185,547	41,184,695	91.81	3,231,136	7.20

Source: Cuyahoga 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) Represents collection year. 2004 information cannot be presented because all collections have not been made by June 30.
- (2) 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.

Shaker Heights City School District

History of School Operating Levies

For the Years 1933 - 2004

Date	Number of Mills		Number of Years	Votes For	Votes Against	% For	Total Votes Cast	Difference
11/33	3.0		1934	2,975	2,176	57.80%	5,151	799
11/34	5.0		1935	3,358	3,633	48.00	6,991	(275)
03/35	3.0		1935	1,791	1,042	63.20	2,833	749
11/35	4.0		1936	4,616	1,852	71.40	6,468	2,764
11/36	5.0		1937-39	5,479	5,323	50.70	10,802	156
11/38	5.0		1940-43	5,459	2,303	70.30	7,762	3,156
11/42	5.0		1944-47	5,763	2,309	71.40	8,072	3,454
11/44	.05		1945	11,668	3,350	77.70	15,018	8,318
11/45	1.0		1946-47	4,736	1,196	79.80	5,932	3,540
11/46	6.0	renewal	1948-51	11,445	2,000	85.10	13,445	9,445
11/47	3.0		1948-51	7,739	2,076	78.80	9,815	5,663
11/50	10.0	renewal	1952-55	12,633	3,589	77.90	16,222	9,044
11/52	2.0		1953-55	15,874	4,145	79.30	20,019	11,729
11/54	12.0		1956-59	8,659	7,365	54.00	16,024	1,294
	9.8	renewal						
	2.2	additional						
11/57	5.3		1958-59	8,365	4,480	65.10	12,845	3,885
11/58	17.2	renewal	1960-64	13,802	4,346	76.10	18,148	9,456
11/59	3.0		1960-64	7,996	6,040	57.00	14,036	1,956
11/62	3.43		1963-64	12,845	5,616	69.60	18,461	7,229
05/64	23.63	renewal	1965-69	9,692	1,872	83.80	11,564	7,820
05/65	3.8	additional	1966-69	7,970	2,293	77.70	10,263	5,677
05/67	3.9	additional	1968-69	7,740	2,552	75.20	10,292	5,188
05/69	39.23		Continuing	3,831	2,366	61.80	6,197	1,465
	31.33	renewal						
	7.9	additional						
05/71	8.9	additional	Continuing	6,016	4,270	58.50	10,286	1,746
05/74	4.9	additional	Continuing	5,814	2,524	69.70	8,338	3,290
06/76	5.5	additional	Continuing	6,230	3,266	65.60	9,496	2,964
06/77	12.0	additional	Continuing	4,644	2,683	63.40	7,327	1,961
06/79	6.0	additional	Continuing	3,433	1,795	65.70	5,228	1,638
06/81	6.5	additional	Continuing	3,805	2,398	61.30	6,203	1,407
06/82	6.0	additional	Continuing	7,190	5,127	58.40	12,317	2,063
06/83	8.8	additional	Continuing	4,301	4,572	48.50	8,873	(271)
08/83	8.8	additional	Continuing	5,373	4,546	54.20	9,919	827
11/86	7.5	additional	Continuing	6,950	6,908	50.15	13,858	42
05/89	9.8	additional	Continuing	3,613	3,145	53.50	6,758	468
05/92	9.8	additional	Continuing	6,554	5,106	56.20	11,660	1,448
11/94	8.7	additional	Continuing	6,733	7,160	48.46	13,893	(427)
02/95	8.7	additional	Continuing	5,464	2,641	67.40	8,105	2,823
03/00	9.4	additional	Continuing	6,280	4,216	59.83	10,496	2,064
05/03	9.6	additional	Continuing	5,657	2,987	65.44	8,644	2,670

Source: Shaker Heights City School District Records

Shaker Heights City School District

History of Bond Issues For the Years 1912 - 2004

Purpose of Issue	Election Date	Issue Date	Amount of Issue
Erecting and furnishing school house	July 2, 1912	August 12, 1912	\$60,000
Purchasing site and erecting and furnishing school house thereon	N/A	May 17, 1917	100,000
Purchasing site and erecting and furnishing school house thereon and purchased real estate for playground	N/A	November 16, 1917	250,000
Completing building and purchasing site and erecting building	January 21, 1920	November 3, 1920	250,000
Erecting two schools	November 8, 1921	March 1, 1922	600,000
Moreland School and Shaker Boulevard addition	November 4, 1924	January 1, 1925	650,000
Fernway, Ludlow and High School addition	November 3, 1925	July 1, 1926	1,165,587
High School Site and Addition to Malvern	November 2, 1926	January 1, 1927	550,000
Lomond Boulevard and Furniture	November 8, 1927	April 1, 1929	500,000
Land for Lomond Junior High	November 6, 1928	January 1, 1929	78,375
Land and Furniture	November 6, 1928	July 15, 1929	75,183
High School Building	November 6, 1928	November 1, 1930	1,040,500
Furnishings High School	Unvoted	May 1, 1931	50,000
First Library Issue	November 6, 1945	April 1, 1950	150,000
Sussex Addition	November 5, 1946	January 1, 1947	200,000
Complete Sussex and Other Improvements	November 2, 1948	December 1, 1948	300,000
Second Library Issue	November 2, 1948	February 1, 1951	200,000
School Furnishings	November 2, 1948	February 1, 1951	25,000
Mercer, Senior High Music Wings, etc.	November 6, 1951	March 1, 1951	1,750,000
New Junior High, Additions to Lomond and Senior High	November 3, 1953	October 1, 1954	4,100,000
Byron Auditorium and Woodbury Gym	November 3, 1953	October 1, 1958	2,100,000
School Improvement	November 3, 1960	October 1, 1964	1,775,000
School Improvement	May 7, 1968	March 1, 1972	4,500,000
School Improvement	June 7, 1977	September 1, 1977	4,650,000
School Improvement	May 8, 1990	August 29, 1990	5,000,000
School Improvement	May 8, 1990	April 1, 1993	5,000,000
School Improvement	November 5, 1996	March 11, 1999	9,500,000
School Improvement	November 5, 1996	September 28, 2000	3,199,993

Source: Shaker Heights City School District

N/A - Not Available

Shaker Heights City School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Year	School Levy	Library	County Levy	City Levy	Total Levy	Debt Service Included in Total Levy		
						School	County	Total
2004	\$158.90	\$4.00	\$18.00	\$9.90	\$190.80	\$2.17	\$0.91	\$3.08
2003	150.00	4.00	16.20	9.90	180.10	2.87	0.91	3.78
2002	150.50	4.00	16.20	9.90	180.60	3.37	0.86	4.23
2001	150.50	4.00	16.20	9.90	180.60	3.37	0.27	3.64
2000	141.00	4.00	15.30	9.90	170.20	3.27	0.27	3.54
1999	139.80	4.00	15.30	9.90	169.00	2.07	0.72	2.79
1998	139.60	4.00	16.60	9.90	170.10	1.87	0.60	2.47
1997	139.80	3.00	16.60	9.90	169.30	2.07	0.60	2.67
1996	139.70	3.00	16.80	9.90	169.40	1.97	0.90	2.87
1995	131.00	3.00	16.80	9.90	160.70	1.97	0.87	2.84

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

Shaker Heights City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2004	\$859,755,000	\$2,456,442,857	\$17,827,640	\$20,548,682
2003	755,439,500	2,158,398,571	19,900,850	22,614,602
2002	758,473,160	2,167,066,171	20,101,330	22,842,420
2001(2)	753,027,040	2,151,505,829	24,248,080	27,554,636
2000	662,695,440	1,893,415,543	23,622,520	26,843,773
1999	663,126,030	1,894,645,800	26,011,210	29,558,193
1998(3)	661,972,460	1,891,349,886	26,022,220	29,570,705
1997	617,455,480	1,764,158,514	27,287,540	31,008,568
1996	615,519,820	1,758,628,057	28,203,870	32,049,852
1995(2)	619,478,020	1,769,937,200	29,933,520	34,015,364

Source: Cuyahoga 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 estate is assessed at 35 percent of actual value.
 Public utility property is assessed at 88 percent of actual value.
 Tangible personal property-inventory is assessed at: 23%-2004, 23%-2003, 24%-2002, 25%-1995 through 2001, and 26%-1994. For capital equipment at: 25%-1995 through 2003, and 26%-1994.
- (2) Sexennial reappraisal year.
- (3) Triennial update year.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
\$13,995,216	\$60,848,765	\$891,577,856	\$2,537,840,304	35%
18,235,730	79,285,783	793,576,080	2,260,298,956	35
15,119,701	60,478,804	793,694,191	2,250,387,395	35
13,134,797	52,539,188	790,409,917	2,231,599,653	35
11,482,000	45,928,000	697,799,960	1,966,187,316	35
11,049,610	44,198,440	700,186,850	1,968,402,433	36
11,863,524	47,454,096	699,858,204	1,968,374,686	36
11,624,648	46,498,592	656,367,668	1,841,665,674	36
9,938,472	39,753,888	653,662,162	1,830,431,797	36
8,856,428	35,425,712	658,267,968	1,839,378,276	36

Shaker Heights City School District
*Ratio of Net General Obligation Bonded Debt to
 Assessed Value and Net Bonded Debt Per Capita
 Last Ten Years*

<u>Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2004	\$12,338,465	\$891,577,856	29,405	1.38%	\$420
2003	14,031,071	793,576,080	29,405	1.77	477
2002	15,326,921	793,694,191	29,405	1.93	521
2001	17,574,060	790,409,917	29,405	2.22	598
2000	15,619,430	697,799,960	30,867	2.24	506
1999	16,829,739	700,186,850	30,867	2.40	545
1998	8,018,677	699,858,204	30,867	1.15	260
1997	9,144,582	656,367,668	30,867	1.39	296
1996	9,554,560	653,662,162	30,867	1.46	310
1995	8,976,814	658,267,968	30,867	1.36	291

Sources:

- (1) School District Financial Records.
- (2) Cuyahoga County Auditor.
- (3) U.S. Census of Population, 2000 and 1990 Federal Census.

Shaker Heights City School District

Computation of Legal Debt Margin

June 30, 2004

Assessed Valuation	<u>\$891,577,856</u>
Overall Debt Limit - 9% of Assessed Value (1)	<u>\$80,242,007</u>
Amount of Debt Applicable to Debt Limit:	
School Improvement Bonds 1990	2,615,000
Building Addition Bonds 1993	1,475,000
Energy Conservation Improvement Bonds 1995	304,230
School Improvement Bonds 1999	6,365,000
School Improvement Bonds 2000	2,834,993
Less: Amount Available in Debt Service Fund	<u>(1,379,309)</u>
Amount of Debt Subject to the Limit	<u>12,214,914</u>
Overall Debt Margin	<u>\$68,027,093</u>
Unvoted Debt Limit - .10% of Assessed Value (1)	\$891,578
Amount of Debt Applicable	<u>0</u>
Unvoted Debt Margin	<u>\$891,578</u>
Additional Limit for Unvoted Energy Conservation Improvement Bonds:	
Debt Limit - .9% of Assessed Valuation	\$8,024,201
Energy Conservation Improvement Bonds	<u>(304,230)</u>
Additional Unvoted Debt Margin	<u>\$7,719,971</u>

Source: Cuyahoga County Auditor and School District Financial Records.

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

Shaker Heights City School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Cuyahoga County Population</u>	<u>Shaker Heights City Population</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>
2004	1,363,888	29,405	5,623	6.6%
2003	1,363,888	29,405	5,608	6.7
2002	1,393,978	29,405	5,619	4.6
2001	1,393,978	29,405	5,625	4.5
2000	1,393,978	30,867	5,714	4.5
1999	1,412,140	30,867	5,640	4.6
1998	1,412,140	30,867	5,592	4.4
1997	1,412,140	30,867	5,634	5.8
1996	1,412,140	30,867	5,485	5.2
1995	1,412,140	30,867	5,371	4.8

Source: Cuyahoga County, School District Records,
and the City of Shaker Heights

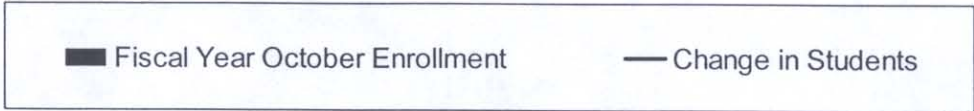
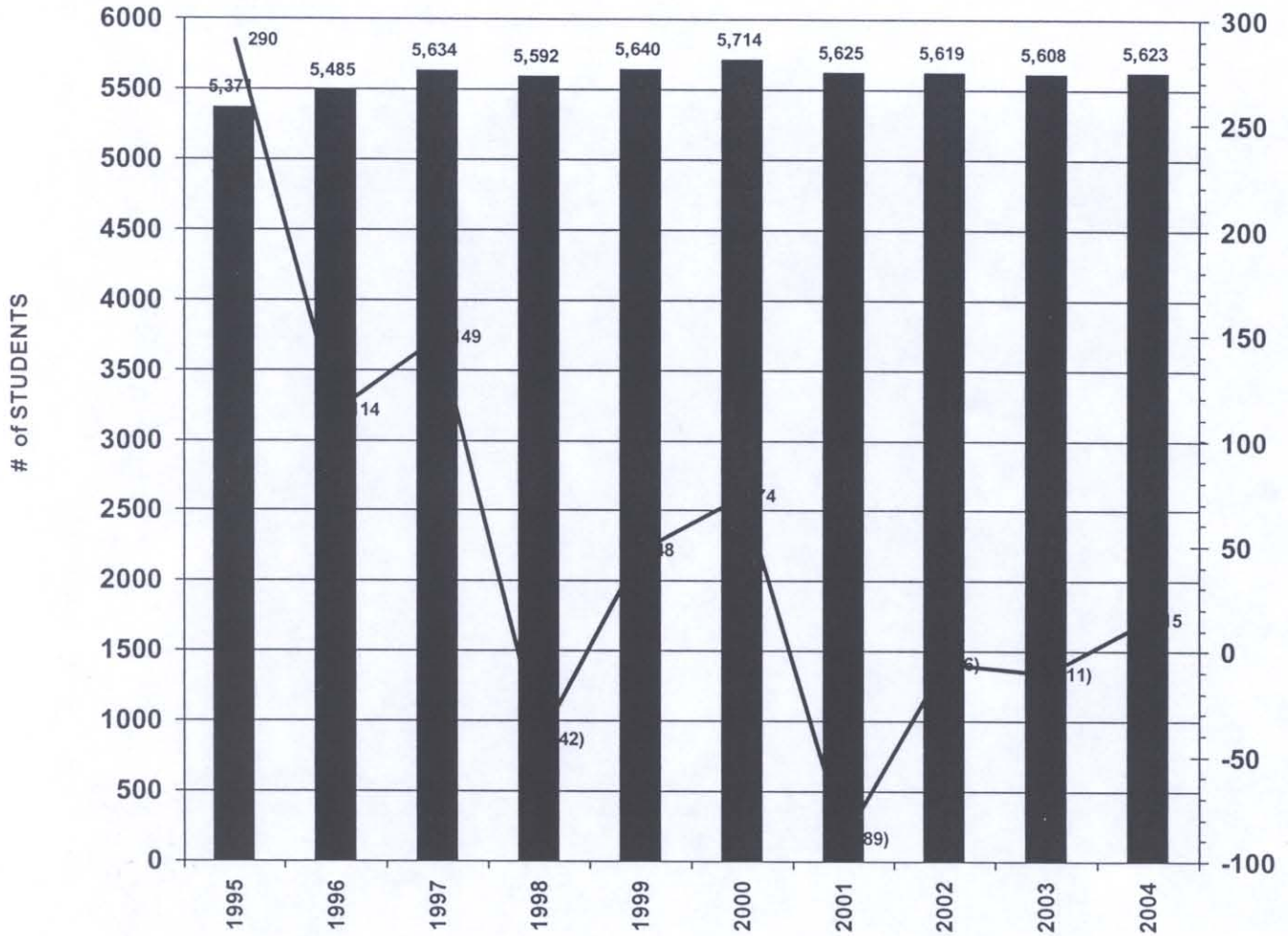
(1) Represents Cuyahoga County.

SHAKER HEIGHTS CITY SCHOOL DISTRICT

ENROLLMENT SUMMARY LAST TEN FISCAL YEARS

OCTOBER ENROLLMENT

CHANGE IN STUDENTS



Shaker Heights City School District

Per Pupil Cost

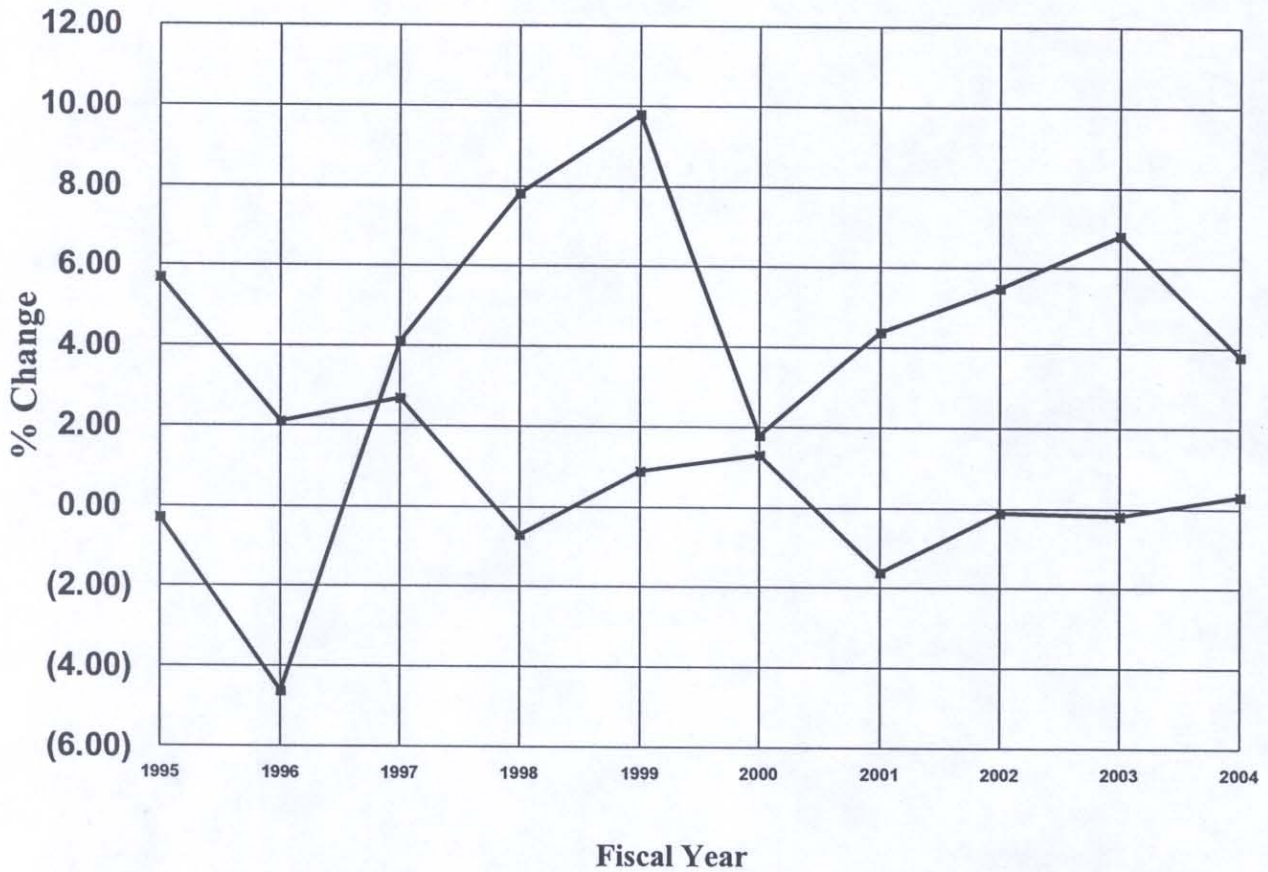
Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2004	\$73,034,370	5,623	\$12,989
2003	70,141,022	5,608	12,507
2002	65,753,511	5,619	11,702
2001	62,292,329	5,625	11,074
2000	60,517,601	5,714	10,591
1999	56,523,910	5,640	10,022
1998	52,890,752	5,592	9,458
1997	48,529,326	5,634	8,614
1996	46,540,292	5,485	8,485
1995	47,768,424	5,371	8,894

Source: School District Financial Records.

SHAKER HEIGHTS CITY SCHOOL DISTRICT

COST PER PUPIL PERCENTAGE CHANGE LAST TEN FISCAL YEARS



— Cost Per Pupil % Change
— Enrollment % Change

Shaker Heights City School District
Public, Private, and Total School Enrollment by School Year
Fiscal Years 1979 to 2004

Fiscal Year	Total Public Enrollment (1)	Total Private Enrollment (2)	Total Public and Private	Private as a Percent of Public and Private
1979	6,156	1,375	7,531	18.3%
1980	6,049	1,355	7,404	18.3
1981	5,951	1,236	7,187	17.2
1982	5,759	1,249	7,008	17.8
1983	5,490	1,216	6,706	18.1
1984	5,294	1,200	6,494	18.5
1985	5,187	1,160	6,347	18.3
1986	5,125	1,047	6,172	17.0
1987	5,013	996	6,009	16.6
1988	4,869	1,009	5,878	17.2
1989	4,830	964	5,794	16.6
1990	4,887	916	5,803	15.8
1991	4,874	846	5,720	14.8
1992	4,933	873	5,806	15.0
1993	4,959	869	5,828	14.9
1994	5,081	911	5,992	15.2
1995	5,371	964	6,335	15.2
1996	5,485	1,065	6,550	16.3
1997	5,634	1,071	6,705	16.0
1998	5,592	983	6,575	15.0
1999	5,640	1,017	6,657	15.3
2000	5,714	1,079	6,793	15.9
2001	5,625	1,088	6,713	16.2
2002	5,619	1,104	6,723	16.4
2003	5,608	897	6,505	13.8
2004	5,623	956	6,579	14.5

Source: Shaker Heights City School District Records

- (1) Figures for fiscal year 1979 through 1982 are based on Shaker Heights City School District Racial Ethnic Reports. Figures for 1983 through 2004 are based on first full week of Shaker Heights City School District October enrollment report.
- (2) Estimated from State of Ohio Transportation Report (T-1) and/or a telephone and mail survey of private and parochial schools.

Shaker Heights City School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2003

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
<u>Direct:</u>			
Shaker Heights City School District	\$13,717,744	100.00%	\$13,717,744
<u>Overlapping:</u>			
Cuyahoga County	172,250,000	2.78	4,788,550
City of Shaker Heights	20,295,000	100.00	20,295,000
City of Cleveland	356,900,000	1.37	4,889,530
Regional Transit Authority	<u>113,299,118</u>	2.78	<u>3,149,715</u>
Total Overlapping	<u>662,744,118</u>		<u>33,122,795</u>
Total	<u>\$676,461,862</u>		<u>\$46,840,539</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

Shaker Heights City School District
*Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to General Fund Expenditures
 Last Ten Fiscal Years*

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (Percentage)</u>
2004	\$1,130,000	\$773,595	\$1,903,595	\$73,034,370	2.61
2003	1,885,000	826,641	2,711,641	70,141,022	3.87
2002	1,775,000	956,967	2,731,967	65,753,511	4.15
2001	1,670,000	965,840	2,635,840	62,292,329	4.23
2000	770,000	1,014,931	1,784,931	60,517,601	2.95
1999	740,000	515,887	1,255,887	56,523,910	2.22
1998	937,000	556,684	1,493,684	52,890,752	2.82
1997	835,000	601,195	1,436,195	48,529,326	2.96
1996	695,000	575,106	1,270,106	46,540,292	2.73
1995	670,000	600,532	1,270,532	47,768,424	2.66

Source: School District Financial Records.

Shaker Heights City School District
*Property Value, Financial Institution Deposits,
and Value of Building Permits Issued
Last Ten Years*

Year	Property Value (1) (Real Estate Only)	Financial Institution Deposits (000's) Banks	Value of Building Permits Issued
2004	\$859,755,000	\$97,238,973	\$14,500,000
2003	755,439,500	95,761,917	11,489,850
2002	758,473,160	88,346,368	20,633,259
2001	753,027,040	61,942,764	25,751,459
2000	662,695,440	57,021,360	36,382,085
1999	663,126,030	56,770,353	1,790,370
1998	661,972,460	53,941,971	4,224,290
1997	617,455,480	27,068,211	2,815,440
1996	615,519,820	22,458,573	1,605,830
1995	619,478,020	20,885,453	679,300

Source: Ohio Bureau of Employment Service
and Federal Reserve Bank of Cleveland.

(1) Represents assessed value.

Shaker Heights City School District

Principal Taxpayers

Real Estate Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Tower East Operating Association	\$5,906,590	0.69%
Shaker Square of Ohio LLC	4,975,340	0.58
Shaker Towne Center LLC	3,748,500	0.44
Somerset Point Limited Partnership	2,678,620	0.31
OfficeMax Inc.	2,295,480	0.27
Oliver Family Limited	2,275,000	0.26
Deborah Salzberg	1,913,800	0.22
Livingston Park Apartments Limited Partnership	1,720,120	0.20
Shaker Heights Country Club	1,575,820	0.18
Cleveland Skating Club	<u>1,492,000</u>	<u>0.17</u>
Total	<u><u>\$28,581,270</u></u>	<u><u>3.32%</u></u>
Total Real Estate Valuation	<u><u>\$859,755,000</u></u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

Shaker Heights City School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
OfficeMax Inc.	\$2,532,950	18.10%
Qua Newco, Inc.	694,820	4.96
Adelphia of the Midwest, Inc.	645,870	4.61
Heinens Inc.	487,660	3.48
Joseph-Beth Booksellers LLC	376,100	2.69
Ganley Nissan Inc.	345,480	2.47
Wide Open West Cleveland, LLC	250,090	1.79
Walgreen Company	218,590	1.56
Revco Discount Drug Inc.	213,020	1.52
Rite Aid of Ohio Incorporated	<u>176,580</u>	<u>1.27</u>
Total	<u><u>\$5,941,160</u></u>	<u><u>42.45%</u></u>
Total Tangible Assessed Valuation	<u><u>\$13,995,216</u></u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

Shaker Heights City School District

Principal Taxpayers

Public Utilities Tax

December 31, 2003

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$7,259,920	40.72%
Ohio Bell Telephone	7,110,150	39.88
East Ohio Gas Company	1,455,730	8.17
American Transmission System	<u>837,310</u>	<u>4.70</u>
Total	<u>\$16,663,110</u>	<u>93.47%</u>
Total Public Utility Assessed Value	<u>\$17,827,640</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2004 collection year.

Shaker Heights City School District

College Admissions for All Students

Last Ten Years

<u>Class</u>	<u>Percent of Four - Year</u>	<u>Percent of Two - Year</u>	<u>Total Percent</u>
1995	87	2	89
1996	88	2	90
1997	88	2	90
1998	84	2	86
1999	91	2	93
2000	82	5	87
2001	82	6	88
2002	82	4	86
2003	86	2	88
2004	88	3	91

Source: Shaker Heights City School District Records

Shaker Heights City School District

National Merit and National

Achievement Recognition

Last Ten Years

<u>Class</u>	<u>National Merit (all students)</u>	<u>National Achievement (African-American students only)</u>	<u>National Hispanic Scholars</u>	<u>Percent of Shaker Seniors Honored</u>	<u>Percent of United States Seniors Honored</u>
1995	33	6	0	12	2
1996	36	8	1	15	2
1997	46	11	2	17	2
1998	44	6	0	14	2
1999	35	14	2	15	2
2000	42	8	0	13	2
2001	42	5	0	13	2
2002	27	6	0	9	2
2003	29	7	2	10	2
2004	34	6	0	14	2

Source: Shaker Heights City School District Records

Shaker Heights City School District

Teacher Education and Experience

June 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	14	3.22 %
Bachelor + 15	47	10.81
Master's Degree	161	37.01
Master's + 15	86	19.77
Master's + 30	49	11.26
Master's + 45	66	15.17
Ph.D	<u>12</u>	<u>2.76</u>
Total	<u><u>435</u></u>	<u><u>100.00 %</u></u>

<u>Years of Shaker Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	122	28.05 %
6 - 10	85	19.54
11 and Over	<u>228</u>	<u>52.41</u>
	<u><u>435</u></u>	<u><u>100.00 %</u></u>

Source: School District Personnel Records

Supplemental Information Section

Expenditure Flow Model

The Ohio Expenditure Flow Model (EFM) is a reporting method based upon concepts developed by Dr. Bruce Cooper of Fordham University. The United States Chamber of Commerce funded Dr. Cooper's efforts to develop a reporting format that traces the use of money from a central board of education, through the public school system to the individual school and then to the individual classroom. This reporting format was initially developed for the New York City Public Schools.

The reporting format is now being nationally distributed by Price Waterhouse Coopers and the United States Chamber of Commerce. In 1991 the Ohio General Assembly adopted House Bill 152 which gave the State Superintendent of Public Instruction permissive authority to inspect and analyze the expenditures of each school district. The Expenditure Flow Model (EFM) was developed using Dr. Cooper's reporting format to fulfill that authority. The following pages contain the fiscal year 2003 report for our School District. The following definitions will assist in reading the report:

IRN	Internal Retrieval Number. This is a unique six digit number assigned by the Ohio Department of Education for every chartered school in the State of Ohio.
ADM	Average Daily Membership. This is the number of students enrolled in the School District.
EMIS	Education Management Information System. This is the data collection and reporting system developed by the Ohio Department of Education for all financial, staff, and student data.
EFM	Expenditure Flow Model. This is Ohio's version of the national financial reporting format developed by Dr. Bruce Cooper of Fordham University.

Shaker Heights City School District
Expenditure Flow Model
Building Expenditures Report

School	Year-End ADM		Administration		Operations		Staff		Pupil		Instruction	Totals
	ADM		Support		Support		Support		Support			
High School												
Shaker Heights High School	1,728	\$1,826,087	\$4,331,202	\$290,652	\$3,173,974	\$12,647,226	\$22,269,141					
Total High School	1,728	1,826,087	4,331,202	290,652	3,173,974	12,647,226	22,269,141					
Middle School												
Shaker Heights Middle School	925	929,036	3,491,271	247,507	1,672,548	6,594,059	12,934,421					
Total Middle School	925	929,036	3,491,271	247,507	1,672,548	6,594,059	12,934,421					
Elementary Schools												
Boulevard Elementary School	387	312,740	916,349	145,961	610,749	2,534,262	4,520,061					
Fernway Elementary School	297	297,559	563,625	109,525	413,971	1,935,368	3,320,048					
Lomond Elementary School	505	384,363	1,141,851	97,854	545,478	2,898,570	5,068,116					
Mercer Elementary School	408	307,112	1,259,032	236,765	603,804	2,547,569	4,954,282					
Onaway Elementary School	372	203,559	813,239	209,583	648,198	2,334,329	4,208,908					
Sussex Elementary School	12	547	158,649	65,519	97,771	147,525	470,011					
Woodbury Elementary School	858	697,745	3,150,217	262,558	1,108,224	5,746,847	10,965,591					
Total Elementary Schools	2,839	2,203,625	8,002,962	1,127,765	4,028,195	18,144,470	33,507,017					
School Total	5,492	4,958,748	15,825,435	1,665,924	8,874,717	37,385,755	68,710,579					
Central Office	0	4,609,736	1,210,902	433,309	380,960	0	6,634,907					
Expenditure Flow Model Total	5,492	\$9,568,484	\$17,036,337	\$2,099,233	\$9,255,677	\$37,385,755	\$75,345,486					
Other Debt Service												
Tuition - Other Districts							1,903,595					
Non-Public							3,154,937					
Rotary							1,174,061					
Other Programs							8,121,864					
Grand Total							(138,391)					
							\$89,561,552					

Average Daily Membership (ADM) Reported for District Internal Retrieval Number (IRN): 0.99***

*** Average Daily Membership (ADM) reported by District Internal Retrieval Number (IRN) are ignored in calculating expenditures per pupil.

- Consists primarily of Self-Insurance Internal Service Fund expenditures, which are already reflected in the appropriate Governmental Funds expenditure line items.

Source: Education Management Information System

Shaker Heights City School District
Expenditure Flow Model
Expenditure Per Pupil Report

School	Average Daily Membership	Administration	Operations Support	Staff Support	Pupil Support	Instruction	Totals
High School							
Shaker Heights High School	1,728	\$1,057	\$2,507	\$168	\$1,837	\$7,320	\$12,889
Total High School	1,728	1,057	2,507	168	1,837	7,320	12,889
Middle School							
Shaker Heights Middle School	925	1,004	3,775	268	1,808	7,130	13,985
Total Middle School	925	1,004	3,775	268	1,808	7,130	13,985
Elementary Schools							
Boulevard Elementary School	387	808	2,367	377	1,578	6,547	11,677
Ferway Elementary School	297	1,002	1,898	369	1,394	6,517	11,180
Lomond Elementary School	505	762	2,263	194	1,081	5,744	10,044
Mercer Elementary School	408	753	3,088	581	1,481	6,248	12,151
Onaway Elementary School	372	547	2,184	563	1,741	6,269	11,304
Sussex Elementary School	12	44	12,662	5,229	7,803	11,774	37,512
Woodbury Elementary School	858	813	3,671	306	1,292	6,698	12,780
Total Elementary Schools	2,839	700	2,436	397	1,419	6,167	11,119
School Total							
School Total	5,492	903	2,882	303	1,616	6,807	12,511
Central Office	0	839	220	79	69	0	1,207
Grand Total	5,492 **	\$1,742 **	\$3,102 **	\$382 **	\$1,685 **	\$6,807 **	\$13,718 **

Average Daily Membership (ADM) Reported for District Internal Retrieval Number (IRN): 0.99***

** In addition to school and central office expenditures, the Grand Total Per Pupil Amounts include 'Total Other Facilities' expenditure and Average Daily Membership figures.

*** Average Daily Membership (ADM) reported by District Internal Retrieval Number (IRN) are ignored in calculating expenditures per pupil.

Source: Education Management Information System

Shaker Heights City School District

Expenditure Flow Model

Percentage of School Cost Report

School	Average Daily Membership	Administration	Operations Support	Staff Support	Pupil Support	Instruction	Totals
High School							
Shaker Heights High School	1,728	8%	19%	1%	14%	57%	100%
Total High School	1,728	8	19	1	14	57	99
Middle School							
Shaker Heights Middle School	925	7	27	2	13	51	100
Total Middle School	925	7	27	2	13	51	100
Elementary Schools							
Boulevard Elementary School	387	7	20	3	14	56	100
Fernway Elementary School	297	9	17	3	12	59	100
Lomond Elementary School	505	7	23	2	11	57	100
Mercer Elementary School	408	6	25	5	12	52	100
Onaway Elementary School	372	5	19	5	15	56	100
Sussex Elementary School	12	0	34	14	21	31	100
Woodbury Elementary School	858	6	29	2	10	53	100
Total Elementary Schools	2,839	6	24	3	12	54	99
School Total	5,492	7	23	2	13	55	100
Central Office	0	69	18	7	6	0	100
Grand Total	5,492	13%	23%	3%	12%	50%	100%

Average Daily Membership (ADM) Reported for District Internal Retrieval Number (IRN): 0.99***

*** Average Daily Membership (ADM) reported by District Internal Retrieval Number (IRN) are ignored in calculating expenditures per pupil.

Source: Education Management Information System



**Auditor of State
Betty Montgomery**

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**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2004**