



**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Federal Awards Expenditures Schedule	1
Notes to the Federal Awards Expenditures Schedule	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	5
Schedule of Findings	7

This page intentionally left blank.

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005**

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	\$54,564	\$0	\$54,564
National School Lunch Program	LLP4 2004	10.555	110,821	0	110,821	0
National School Lunch Program	LLP4 2005	10.555	249,482	0	249,482	0
Total National School Lunch Program			<u>360,303</u>	<u>0</u>	<u>360,303</u>	<u>0</u>
Special Milk Program for Children	02PU 2004	10.556	2,768	0	2,768	0
Total Special Milk Program for Children			<u>2,768</u>	<u>0</u>	<u>2,768</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>363,071</u>	<u>54,564</u>	<u>363,071</u>	<u>54,564</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education: Grants to States	6BSF 2004	84.027	(3,676)	0	115,027	0
Special Education: Grants to States	6BSF 2005	84.027	1,006,111	0	1,003,060	0
Total Special Education: Grants to States			<u>1,002,435</u>	<u>0</u>	<u>1,118,087</u>	<u>0</u>
Special Education: Preschool Grants	PGD7 2004	84.173	1,800	0	1,800	0
Special Education: Preschool Grants	PGS1 2005	84.173	20,525	0	20,476	0
Total Special Education: Preschool Grants			<u>22,325</u>	<u>0</u>	<u>22,276</u>	<u>0</u>
Total Special Education Cluster			<u>1,024,760</u>	<u>0</u>	<u>1,140,363</u>	<u>0</u>
Title I Grants to Local Educational Agencies	C1S1 2004	84.010	(99,212)	0	130,060	0
Title I Grants to Local Educational Agencies	C1S1 2005	84.010	531,088	0	524,807	0
Total Title I Grants to Local Educational Agencies			<u>431,876</u>	<u>0</u>	<u>654,867</u>	<u>0</u>
Innovative Education Program Strategies	C2S1 2004	84.298	(9,920)	0	4,151	0
Innovative Education Program Strategies	C2S1 2005	84.298	30,715	0	29,820	0
Total Innovative Education Program Strategies			<u>20,795</u>	<u>0</u>	<u>33,971</u>	<u>0</u>
Safe and Drug-Free Schools and Communities: State Grants	DRS1 2004	84.186	(4,429)	0	1,961	0
Safe and Drug-Free Schools and Communities: State Grants	DRS1 2005	84.186	22,830	0	20,731	0
Total Safe and Drug-Free Schools and Communities			<u>18,401</u>	<u>0</u>	<u>22,692</u>	<u>0</u>
<i>Direct Program:</i>						
Presidential Award - National Grant	N/A	84.XXX	0	0	2,438	0
English Language Acquisition Grants (Title III)	T3S2 2004	84.365	(298)	0	0	0
English Language Acquisition Grants (Title III)	T3S1 2005	84.365	23,241	0	22,254	0
English Language Acquisition Grants (Title III)	T3S2 2005	84.365	1,500	0	923	0
Total English Language Acquisition Grants (Title III)			<u>24,443</u>	<u>0</u>	<u>23,177</u>	<u>0</u>
Alternative Education	T4S1 2005	84.184C	12,500	0	12,500	0
Technology Literacy Challenge Fund Grants	TJS1 2004	84.318	(9,322)	0	485	0
Technology Literacy Challenge Fund Grants	TJS1 2005	84.318	17,804	0	17,804	0
Total Technology Literacy Challenge Fund Grants			<u>8,482</u>	<u>0</u>	<u>18,289</u>	<u>0</u>
Federal Reserve Challenge Grant	N/A	84.XXX	3,000	0	3,000	0
Improving Teacher Quality State Grants	TRS1 2004	84.367	(17,982)	0	10,712	0
Improving Teacher Quality State Grants	TRS1 2005	84.367	118,381	0	110,266	0
Total Improving Teacher Quality State Grants			<u>100,399</u>	<u>0</u>	<u>120,978</u>	<u>0</u>
Total U.S. Department of Education			<u>1,644,656</u>	<u>0</u>	<u>2,032,275</u>	<u>0</u>
U. S. Department of Health and Human Services						
<i>Passed Through the Ohio Department of MRDD:</i>						
Medical Assistance Program (Medicaid)	N/A	93.778	488,957	0	488,957	0
Total U.S. Department of Health and Human Services			<u>488,957</u>	<u>0</u>	<u>488,957</u>	<u>0</u>
Total Federal Awards Expenditures			<u>\$2,496,684</u>	<u>\$54,564</u>	<u>\$2,884,303</u>	<u>\$54,564</u>

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

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying federal awards expenditures schedule 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 Special Education Grant, CFDA #84.027; Title I Grant, CFDA #84.010; Innovative Education Program Strategies Grant, CFDA #84.298; Safe and Drug-Free Schools and Communities Grants, CFDA # 84.186; English Language Acquisition Grant, CFDA #84.365; Technology Literacy Challenge Fund Grant, CFDA #84.318; and Improving Teacher Quality Grant, 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 INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 15, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

Shaker Heights City School District
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

December 15, 2005



Auditor of State Betty Montgomery

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

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

To the Board of Education:

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 apply to each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Shaker Heights City School District, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 15, 2005.

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, Ohio as of and for the year ended June 30, 2005, and have issued our report thereon dated December 15, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 15, 2005

**SHAKER HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005**

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 § 510?</i>	No
(d)(1)(vii)	<i>Major Programs (list)</i>	CFDA # 10.550, 10.555 & 10.556 – Nutrition Cluster; and 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.

SHAKER HEIGHTS CITY SCHOOL DISTRICT
SHAKER HEIGHTS, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

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
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
Table of Contents

	Page
<i>I. Introductory Section</i>	
Title Page.....	i
Table of Contents	ii
Letter of Transmittal.....	vii
List of Principal Officials.....	xix
Shaker Heights City School District Map	xx
GFOA Certificate of Achievement.....	xxii
ASBO Certificate of Excellence.....	xxiii
Organizational Chart	xxiv
 <i>II. Financial Section</i>	
Independent Accountants’ Report.....	1
Management’s Discussion and Analysis.....	3
 Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities.....	17
 Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund.....	22
Statement of Fund Net Assets – Internal Service Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	24

Statement of Cash Flows – Internal Service Funds	25
Statement of Fiduciary Assets and Liabilities – Agency Funds	26
Notes to the Basic Financial Statements	27

Combining Statements and Individual Fund Schedules:

Combining Statements – Nonmajor Governmental Funds:

Description of Funds.....	55
Combining Balance Sheet – Nonmajor Governmental Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	59
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	64

Combining Statements – Internal Service Funds

Description of Funds.....	68
Combining Statement of Fund Net Assets – Internal Service Funds.....	69
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	70
Combining Statement of Cash Flows – Internal Service Funds	71

Combining Statement – Fiduciary Funds

Description of Funds.....	72
Combining Statement of Changes in Assets and Liabilities – Agency Funds	73

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

Major Fund:

General Fund	75
Building.....	80

Nonmajor Funds:

Public School Support.....	81
Shaker Merchandise	82
Athletic	83
Auxiliary Services	84
Management Information Systems.....	85
Entry Teacher Program	86
Disadvantaged Pupil Impact Aid.....	87
Data Communication Grant.....	88

School Net Professional Development Grant.....	89
Ohio Reads Community Grant	90
Summer School	91
Alternative Schools	92
Goals 2000 Pacesetter	93
Title VI-B	94
Limited English Proficiency.....	95
Title I	96
Title V	97
Drug Free Schools.....	98
Preschool Disability	99
E-Rate	100
Class Size Reduction.....	101
Goals 2000.....	102
Food Service.....	103
Uniform School Supplies	104
Local Grants	105
Bond Retirement.....	106
School Net Plus	107
Self Insurance	108
Workers' Compensation Reserve.....	109

III. Statistical Section

Governmental Activities Revenues by Source and Expenses by Function – Last Three Fiscal Years.....	S1
General Fund Revenues by Source and Expenditures by Function – Last Ten Fiscal Years.....	S2
Property Tax Levies and Collections – Last Ten Years	S4
History of School Operating Levies – For the Years 1933-2005	S5
History of Bond Issues – For the Years 1912-2005	S6
Property Tax Rates – Direct and Overlapping Governments – Last Ten years.....	S7
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years.....	S8
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Years	S10
Computation of Legal Debt Margin	S11
Demographic Statistics – Last Ten Years	S12
Enrollment Summary Graph.....	S13
Per Pupil Cost – Last Ten Fiscal Years	S14
Cost Per Pupil Percentage Change Graph	S15
Public, Private, and Total School Enrollment – Fiscal Years 1979 to 2005	S16

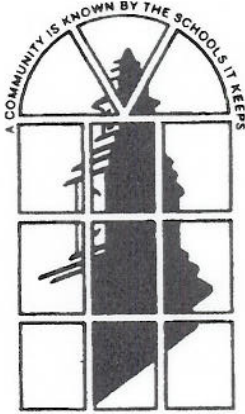
Computation of Direct and Overlapping General Obligation Bonded Debt	S17
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Fund Expenditures – Last Ten Fiscal Years	S18
Property Value, Financial Institution Deposits and Value of Building Permits Issued – Last Ten Years.....	S19
Principal Taxpayers:	
Real Estate Tax.....	S20
Tangible Personal Property Tax	S21
Public Utilities Tax.....	S22
College Admissions for All Students – Last Ten Years	S23
National Merit and National Achievement Recognition – Last Ten Years.....	S24
Teacher Education and Experience	S25

IV. Supplemental Information Section

Expenditure Flow Model:

Description	SP1
Building Expenditures Report.....	SP2
Expenditure Per Pupil Report	SP3
Percentage of School Cost Report	SP4

(This Page Intentionally Left Blank)



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 15, 2005

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 eighth Comprehensive Annual Financial Report (CAFR). This report is the School District's official annual financial report for the fiscal year that ended June 30, 2005. 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 2005 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, 2005. 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 as an independent School District. 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 5,700 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 55th largest in student enrollment in Ohio, with an enrollment of 5,734 students for the 2005 academic year and projected enrollment for fiscal year 2006 of 5,600 students. The School District offers general education, special education, and vocational education academic programs. 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 17 to the accompanying financial statements. The Shaker Heights Library is a related organization and is described in Note 18 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.

2005 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 11 percent of the Class of 2005 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 26 percent of eligible students at Shaker Heights High School took one or more Advanced Placement (AP) classes this year. In May 2005, 335 sophomores, juniors, and seniors took 757 AP examinations, with 85 percent earning a score of 3 or higher. Based on their outstanding performance on the national Advanced Placement examinations, 126 Shaker students were named AP Scholars in November 2005.

Shaker Heights students continue to be sought after by colleges. About 10 percent of the Class of 2005 were accepted early into their first-choice colleges, including some of the most selective in the nation. Approximately 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 community service activities. The list of accomplishments continues.

Helping each student reach his/her potential academically continues to be the paramount goal of the School District. Building on the development of School Improvement Plans for each school and information from the National School Boards Association's achievement initiatives, academic 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:

- Instructional Benefits of District Website
- Teacher Quality and Recruitment Techniques
- High School Art Program
- Student Mobility
- Educational Information from the District Fact Book
- Middle School Music Program
- The Art and Craft of Teaching

Technology

Shaker-Net, the School District's computer network, now consists of 20 servers and approximately 1,230 client computers in 12 buildings connected by fiber optic cables. Over 250 aging computers were replaced last winter with new Dell computers and an additional 150 computers will be replaced this year as part of an 8-year Bond Issue replacement plan. This past summer a Cisco IP phone system was installed to replace the old Centrex system. A phone was located in every teaching space as well as offices and support areas. Later this year, the District's 3 T1 data circuits to the Lake Erie Northeast Ohio Computing Association (LNOCA) are scheduled to be replaced with a Opt-E-Man fiber connection, which will increase our bandwidth from 4.5 Mbps to 100 Mbps.

Capital Improvements

Repairs and preventive maintenance efforts continued throughout the District, including interior and exterior painting; replacing carpet and floor tile; roof repair; repairing exterior walkways, stairs and railings; and replacing exterior doors. Major capital projects undertaken over the summer included replacing a boiler at Boulevard; refurbishing the stage at Onaway; increasing the electrical service into Fernway; expanding the special needs and science teaching spaces at the High School; replacing the stage rigging system at the Middle School; renovating and expanding the varsity women's locker room at the High School; leveling and adding irrigation and drainage systems to the Boulevard field; and improving the drainage system at the Middle School lower field. Finally, an elevator was installed at Boulevard Elementary School to provide accessibility to the second floor.

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/Saturday tutoring sessions 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.

School Improvement Plans

The culture of the Shaker schools reflects a strong commitment to the philosophy of continuous improvement. Each school principal has crafted a school improvement plan (SIP) in consultation with faculty members. Each plan includes educational goals, performance measures, benchmarks, strategies, resource allocation, assignment of responsibility and timelines for completion. The plans are updated annually to reflect both District and building-level instructional priorities.

Instructional Planning and Summer Curriculum Writing

Administrators from the central office and schools met regularly to discuss educational issues, keep informed of current national and state trends, and update professional skills. Many teachers participated in instructional improvement activities over the summer months. Curriculum development and instructional planning occurred in many areas including art, English/language arts, foreign language, health, literacy, mathematics, music, physical education, social studies, and theater. In addition, faculty members worked on projects related to assessment, improving classroom practices, interdisciplinary instruction, mentoring and curriculum mapping, library, marketing education, minority student achievement, special education and technology.

Improving Student Achievement Grants

From 2000-2004, the Cleveland and George Gund foundations have provided a total of \$646,500 in grant funds to the School District for expanded efforts to close the aggregate achievement gap between African-American and white students. In 2004 the foundations jointly awarded the Shaker schools additional support in the amount of \$350,000 over the next two years to continue this work and share best practices with other first-ring school districts surrounding the city of Cleveland. These funds made possible professional development sessions, study circle efforts targeted at African-American students willing to take on the challenges of honors and advanced placement coursework, parent involvement activities designed to maximize student achievement, evening and weekend meetings featuring successful adult role models, and the development of minority achievement groups for students at the elementary and middle school levels. The School District has provided early intervention to targeted students, extended instructional time by developing after-school and summer initiatives for students at risk of academic failure, offered organizational and study skill training, and employed technology to improve student achievement in mathematics and language arts.

The generous support of the Cleveland and George Gund foundations has helped make the Shaker schools a national leader in the field of improving student achievement. The District has been sharing its research and innovative programming both locally and with other Minority Student Achievement Network (MSAN) school districts at national meetings and conferences.

Economic Condition and Outlook

The School District serves approximately 29,405 residents in the City of Shaker Heights, and approximately 4,558 for the City of Cleveland. The community is primarily residential in nature with a diverse base of residents working largely in professional capacities. The School District is a mature, fully developed inner ring suburb whose economic strength is largely dependent upon the strength of the Northeast Ohio economy. According to the Ohio Department of Taxation, the average federal adjusted gross income for residents of the School District filling returns for calendar year 2003 was \$95,982, compared to the averages of \$50,263 for all Ohio school districts and \$46,734 for all districts in Cuyahoga County.

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. While downtown Cleveland is only twenty minutes by car, the rapid transit, a light rail public transit system, provides even more accessibility to downtown Cleveland's business community, and attractions. The Greater Cleveland Regional Transit System has extended the original rapid transit rail line to serve not only downtown Cleveland and Cleveland Hopkins International Airport but also the Cleveland waterfront area including the recreational/entertainment area known as the "Flats", the Rock & Roll Hall of Fame and Museum, the Great Lakes Science Museum, Quicken Loans Arena, Jacobs Field and Cleveland Browns Stadium.

Another contributor to the School District's economic strength is its proximity to the University Circle area of Cleveland. University Circle is the home to major cultural, educational and medical facilities including Severance Hall, the home of the world-renown Cleveland Orchestra, the Cleveland Museum of Art, Case Western Reserve University, University Hospitals of Cleveland and the Cleveland Clinic, world-renowned medical research, teaching and treatment facilities and the two largest employers in Cuyahoga County. Significant numbers of Shaker Heights residents work in the medical, cultural, and educational institutions in nearby University Circle.

The Shaker Square shopping district, which lies in the Cleveland portion of the School District, was purchased and redeveloped in 2001 and 2002. 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.

While past development efforts including the re-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, have had mixed results, the City of Shaker Heights is aggressively pursuing new development, both commercial and residential. Through a process based on a collaborative effort of public and private community leaders, the City developed a Strategic Investment Plan that serves to advise the City on how to best leverage its limited assets to encourage appropriate private investment, and to ensure that Shaker Heights remains one of the premier communities in the country.

The City's Strategic Investment Plan is currently in the implementation phase. A listing of projects either completed or near completion include:

- Construction of a new \$5 million City Fire Station in the Shaker Towne Centre area;

- Redevelopment of commercial properties in the Shaker Towne Centre complex including \$3 million of façade and other improvements;
- \$13 million of public improvements at the Shaker Towne Centre including the reconfiguration and narrowing of Chagrin Boulevard; the addition of angled, on-street parking on Chagrin Boulevard; the construction of Center Street- a new road through Shaker Towne Centre which connects Chagrin Boulevard with Van Aken Boulevard; utility work to upgrade sewers, electric and telephone lines; streetscape work on Chagrin Boulevard; and streetscape work on Lee Road between Chagrin Boulevard and City Hall.
- 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 16 new residential condominiums entitled South Park Row on vacant land in the Warwick Road area.

Already in process is the following residential development:

- Razing of certain residential properties adjacent to the Shaker Towne Centre and the construction of a new residential project entitled Avalon Station. Phase 1 of the project is to include up to 50 loft condominiums. When complete the project will consist of three 4-story buildings with more than 160 loft condominiums and 17 townhomes.

Other development opportunities in Shaker Heights include:

- Redevelopment of two 1950's strip shopping centers located at the end of the Blue Line rapid transit;
- Redevelopment of various parcels at this major intersection including underutilized office buildings;
- Development of a City-owned parking lot on Farnsleigh, which abuts the Shaker Heights Country Club; and
- Development of other potential sites throughout the City.

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. These local initiatives, combined with Cleveland's economic growth, provide for a stable and desirable economic condition for our School District. The favorable economic condition has resulted in School District tax levy success including:

- A 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.

These 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 spending caps were renewed in 2000, and the District has successfully operated under spending limits since then.

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 to be derived from their implementation.

Through its membership in the Information Technology Center (ITC), LNOCA, the School District utilizes state-developed software for its financial accounting and payroll systems. These systems, coupled with oversight review procedures provide controls to 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 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 has resulted in improved operational efficiencies. Additionally, the implementation of an electronic purchase order system that is currently being phased in is expected to yield further efficiencies in the purchasing and payment functions.

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 2005.

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 School District depository banking institutions. 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 2005, the School District earned \$622,591 in interest income. Of that amount \$497,815 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, 2005, are sufficient to meet claim obligations.

For calendar years 1999 through 2005, 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.

For fiscal year 2005, the School District contracted with Indiana Insurance Company for property and inland marine insurance. The primary deductibles are \$250 for inland marine and \$10,000 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 \$6,000,000 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, 2005. 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

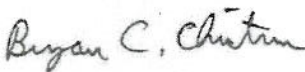
GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Shaker Heights City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. 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, 2004 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, 2005, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

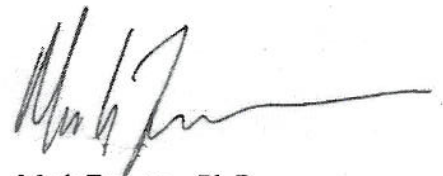
Acknowledgments

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, 2005

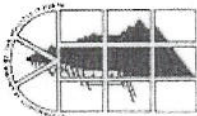
Board of Education

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



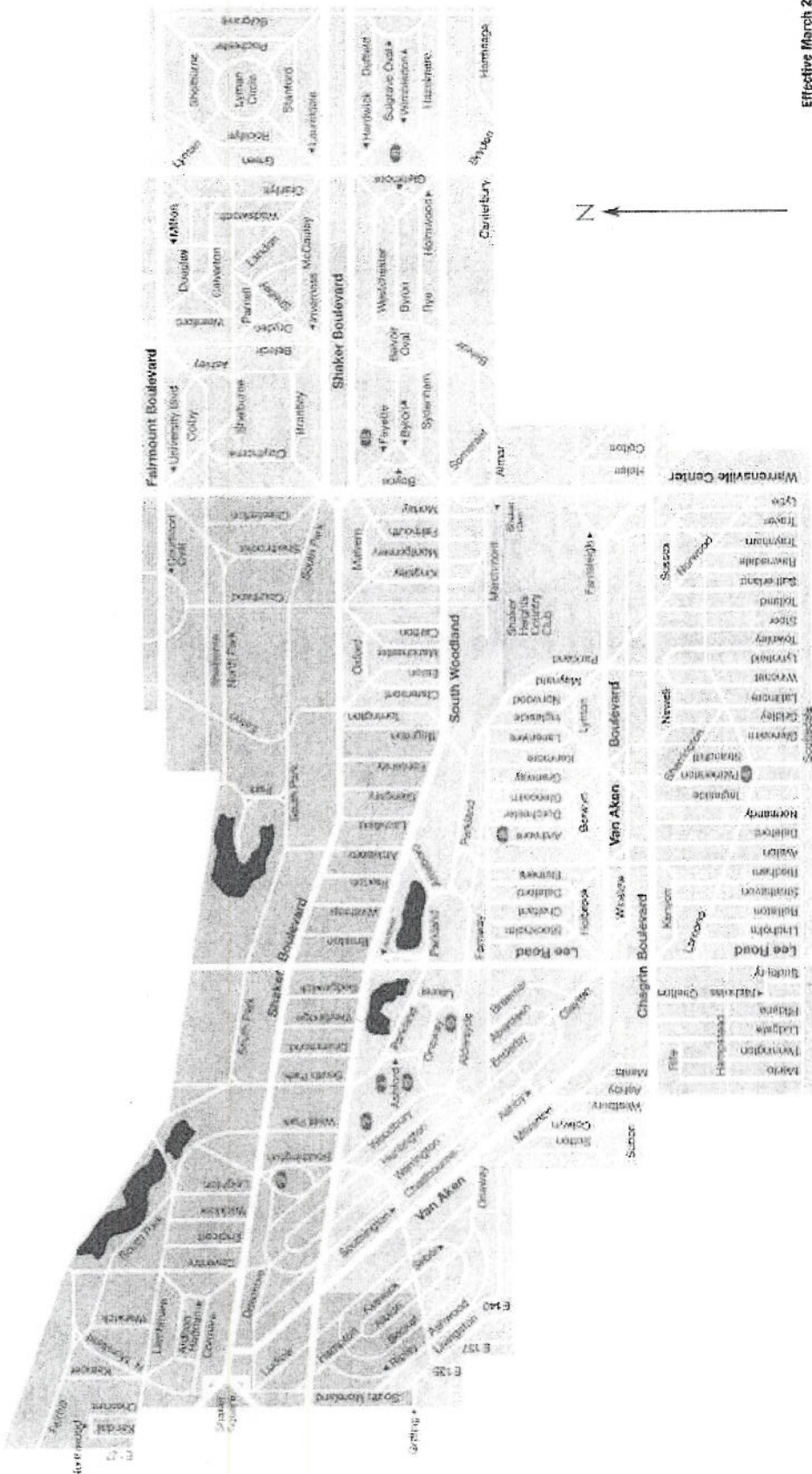
**SHAKER
HEIGHTS
CITY SCHOOL
DISTRICT**

www.shaker.org

- 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

- 10** Lomond Elementary K-4
17917 Lomond Boulevard
Shaker Heights, OH 44122
216 295-4050
- 11** Mercer Elementary K-4
23325 Wimbledon Road
Shaker Heights, OH 44122
216 295-4070
- 12** Onaway Elementary K-4
3115 Woodbury Road
Shaker Heights, OH 44120
216 295-4080

- 13** Shaker Heights City Schools
15600 Parkland Drive
Shaker Heights, OH 44120
216 295-4000
- 14** Boulevard Elementary K-4
14900 Drexmore Road
Shaker Heights, OH 44120
216 295-4020
- 15** Ferroway Elementary K-4
17420 Ferroway Road
Shaker Heights, OH 44120
216 295-4040



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, 2004

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. Zjelle

President

Jeffrey R. Enos

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, 2004

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

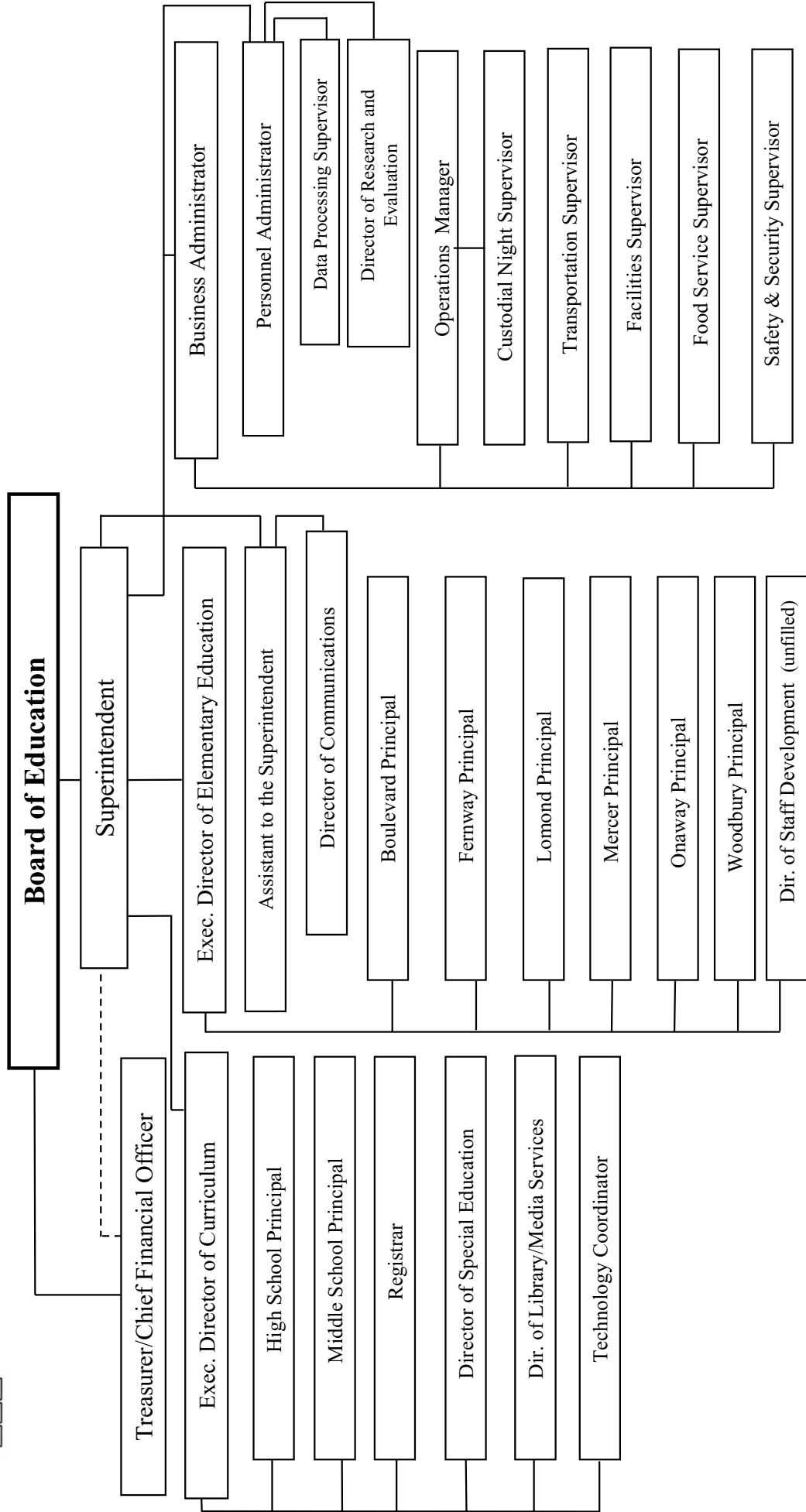
President

Executive Director



SHAKER HEIGHTS CITY SCHOOL DISTRICT

ORGANIZATIONAL CHART



This page intentionally left blank.

Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Shaker Heights City School District, Cuyahoga County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

-

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, statistical tables, and supplemental information provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 15, 2005

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
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, 2005. 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 fiscal year 2005 are as follows:

- Net assets totaled \$17,495,993 for fiscal year 2005.
- Revenue for governmental activities totaled \$84,857,470 in fiscal year 2005. Of this total, 91.8 percent consisted of general revenues while program revenues accounted for the balance of 8.2 percent.
- Program expenses totaled \$84,148,600. Instructional expenses comprised 52.2 percent of this total, while support services accounted for 42.9 percent. Other expenses rounded out the balance of 4.9 percent.
- Outstanding general obligation bonded debt increased to \$23,262,846 from \$13,717,774.

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 16. 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, 2005
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 funds begins on page 18. Fund financial reports provide detailed information about the School District's major funds. 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 funds are the General Fund and the Building Capital Projects 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. The School District has no enterprise funds. 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, 2005
Unaudited

The School District as a Whole

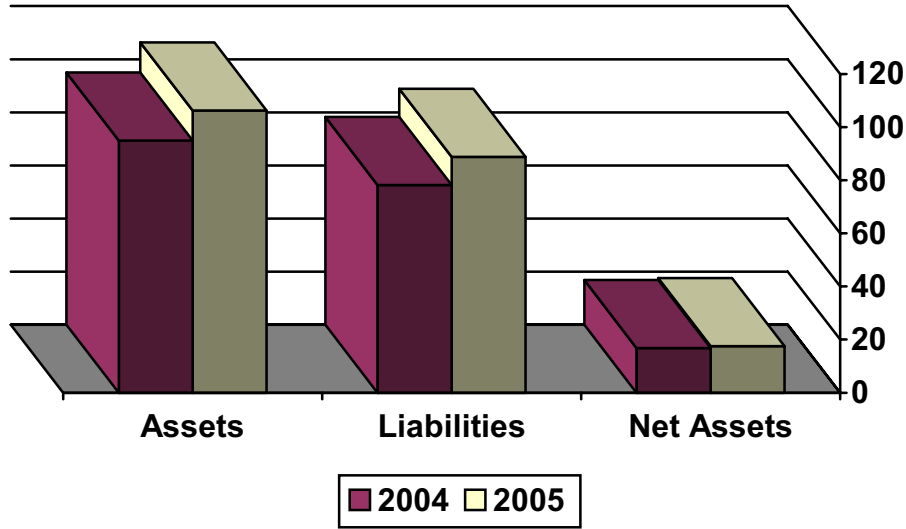
As you may recall, the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for fiscal year 2005 and 2004.

Table 1
Net Assets
Governmental Activities

	<u>2005</u>	<u>2004</u>	<u>Change</u>
Assets			
Current and Other Assets	\$89,419,716	\$78,800,937	\$10,618,779
Capital Assets, Net	16,876,760	16,205,794	670,966
Total Assets	<u>106,296,476</u>	<u>95,006,731</u>	<u>11,289,745</u>
Liabilities			
Current and Other Liabilities	59,426,519	58,623,561	802,958
Long Term Liabilities:			
Due Within One Year	1,841,890	1,870,376	(28,486)
Due in More than One Year	27,532,074	17,725,671	9,806,403
Total Liabilities	<u>88,800,483</u>	<u>78,219,608</u>	<u>10,580,875</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	4,100,033	2,500,547	1,599,486
Restricted:			
Capital Projects	678,855	1,543,825	(864,970)
Debt Service	1,400,799	868,760	532,039
Set Asides	353,070	353,070	0
Other Purposes	608,066	305,712	302,354
Unrestricted	10,355,170	11,215,209	(860,039)
Total Net Assets	<u>\$17,495,993</u>	<u>\$16,787,123</u>	<u>\$708,870</u>

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

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



Property taxes receivable contributed \$60,838,535 or 57.2 percent of total assets. Of this amount \$47,648,404 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 a full year's collection occurring in fiscal year 2005. Liabilities for governmental activities totaled \$88,800,483; of this amount \$29,373,964 or 33.1 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 \$77,928,071 or 91.8 percent of total revenue, down from \$81,489,611 or 92.3 percent in the prior fiscal 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 \$6,929,399 or 8.2 percent of total revenue, up from \$6,828,247 or 7.7 percent in the prior fiscal year.

Table 2 shows the changes in net assets for fiscal years 2005 and 2004.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Table 2
Changes in Net Assets
Governmental Activities

	<u>2005</u>	<u>2004</u>
Revenues		
Program Revenues:		
Charges for Services	\$2,299,315	\$2,542,248
Operating Grants, Interest and Contributions	4,527,135	3,841,488
Capital Grants and Contributions	102,949	444,511
<i>Total Program Revenues</i>	<u>6,929,399</u>	<u>6,828,247</u>
General Revenues:		
Property Taxes	54,026,443	58,953,749
Grant and Entitlements not Restricted to Specific Programs	22,989,562	22,160,812
Investment Earnings	622,591	169,849
Unrestricted Contributions & Donations	1,225	0
Other	288,250	205,201
<i>Total General Revenues</i>	<u>77,928,071</u>	<u>81,489,611</u>
Total Revenues	<u>84,857,470</u>	<u>88,317,858</u>
Program Expenses		
Instruction:		
Regular	32,924,168	32,864,526
Special	10,647,502	10,008,927
Vocational	365,419	242,694
Support Services:		
Pupils	5,238,920	5,169,180
Instructional Staff	5,352,258	5,203,618
Board of Education	12,936	81,020
Administration	6,251,458	6,098,561
Fiscal	1,957,648	1,641,345
Business	899,420	636,841
Operation and Maintenance of Plant	10,369,547	10,509,814
Pupil Transportation	4,429,933	4,065,825
Central	1,537,060	1,488,606
Operation of Non-Instructional Services	1,057,019	1,202,617
Food Service Operations	1,029,189	921,209
Extracurricular Activities	1,294,801	1,332,974
Interest and Fiscal Charges	781,322	775,725
Total Expenses	<u>84,148,600</u>	<u>82,243,482</u>
Increase in Net Assets	708,870	6,074,376
<i>Net Assets Beginning of Year</i>	<u>16,787,123</u>	<u>10,712,747</u>
<i>Net Assets End of Year</i>	<u>\$17,495,993</u>	<u>\$16,787,123</u>

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

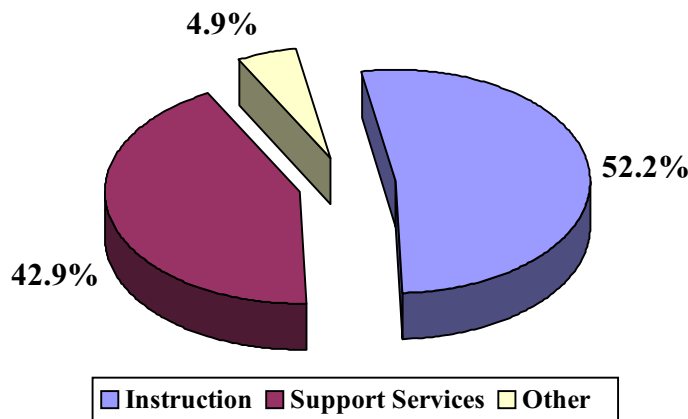
Governmental Activities

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, 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 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 63.7 percent of revenues for governmental activities for Shaker Heights City Schools in fiscal year 2005, down from 66.8 percent in the prior year.

Graph 2
Program Expenses



Approximately 52.2 percent of the School District's expenses are used for instructional expenses. Supporting services for pupils, staff and business operations account for an additional 42.9 percent. The remaining amount of program expenses, roughly 4.9 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 2005 by \$708,870. The increase was primarily due to the full collection of the 2003 property tax levy offset by the growth in program expenses for the year. Property tax revenue for fiscal year 2005 decreased \$4.9 million from fiscal year 2004. This net decrease is attributable to an increase of approximately \$4 million generated by the first full year's collection on the 9.6 mill-operating levy passed in 2003, offset by an \$8.9 million decrease resulting from

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

the fluctuating 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. 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.

Table 3
Governmental Activities

Programs	Total Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2005	Net Cost of Services 2004
Instruction:				
Regular	\$32,924,168	\$32,864,526	\$31,376,584	\$32,143,164
Special	10,647,502	10,008,927	9,690,363	8,105,195
Vocational	365,419	242,694	365,419	241,507
Support Services:				
Pupils	5,238,920	5,169,180	5,204,447	5,169,180
Instructional Staff	5,352,258	5,203,618	3,913,663	4,164,702
Board of Education	12,936	81,020	12,936	81,020
Administration	6,251,458	6,098,561	6,251,458	6,098,561
Fiscal	1,957,648	1,641,345	1,951,911	1,620,074
Business	899,420	636,841	899,401	636,841
Operation and Maintenance of Plant	10,369,547	10,509,814	10,109,295	9,915,303
Pupil Transportation	4,429,933	4,065,825	4,408,031	4,065,825
Central	1,537,060	1,488,606	1,521,906	1,488,606
Operation of Non-Instructional Services	1,057,019	1,202,617	(139,554)	(143,302)
Food Service Operations	1,029,189	921,209	(156,122)	219,672
Extracurricular Activities	1,294,801	1,332,974	1,028,141	833,162
Interest and Fiscal Charges	781,322	775,725	781,322	775,725
Total Expenses	\$84,148,600	\$82,243,482	\$77,219,201	\$75,415,235

The reliance upon local tax revenues for governmental activities is crucial at Shaker Heights City Schools. More than 64.2 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 revenue accounts for only 8.2 percent of all governmental expenses.

School District's Funds

Information pertaining to the School District's major funds can be found on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$84,239,997 and expenditures of \$87,711,072. The net change in fund balance for the year was most significant in the Building Fund with an increase of \$9,810,090. This increase is due to the issuance of \$9,999,995 of bonds under the November 2004 voter-approved \$23.5 million bond issue.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

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.

The School District did not amend its general fund budget during the course of the 2005 fiscal year. The School District uses a modified site-based method of budgeting that has in place systems designed to closely control expenses, but also provides flexibility for decision-making by the site-based management.

The General Fund's final revenue budget totaled \$75,030,112, which was \$2,288,721 below the original budget estimate of \$77,318,833. The final expenditure budget totaled \$78,697,759, which was the same as the original estimate.

The School District's ending unencumbered cash balance totaled \$11,685,138, which was \$673,078 higher than the originally budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the School District had \$16,876,760 in land and land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Table 4 shows fiscal year 2005 values compared to 2004.

Table 4
Capital Assets, Net

	Governmental Activities		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Land	\$943,600	\$943,600	\$0
Land Improvements	1,207,559	1,208,828	(1,269)
Buildings and Improvements	12,085,534	12,057,050	28,484
Furniture and Equipment	1,862,003	1,472,733	389,270
Vehicles	496,583	482,146	14,437
Construction In Progress	<u>281,481</u>	<u>41,437</u>	<u>240,044</u>
Total	<u>\$16,876,760</u>	<u>\$16,205,794</u>	<u>\$670,966</u>

All capital assets, except land and construction in progress, are reported net of depreciation. The net increase in capital assets during the fiscal year resulted primarily due to an increase in furniture and equipment and construction in progress in excess of depreciation charges for the year. The increase in the furniture and equipment category was mainly due to the acquisition of equipment, primarily in the technology related areas. The increase in construction in progress is primarily attributable to field renovations at Boulevard and the Middle School, an elevator installation at Boulevard, and locker room renovations at the High School that were still in progress as of June 30, 2005. For more information on capital assets refer to Note 9 of the basic financial statements.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Debt

At June 30 2005, the School District had \$23,262,846 in outstanding debt. Table 5 below summarizes the School District's bonds outstanding.

Table 5
Outstanding Debt

	Governmental Activities	
	2005	2004
General Obligation Bonds:		
School Improvement 1990, 7.10%	\$2,315,000	\$2,615,000
Building Addition 1993, 4.7-5.5%	0	1,475,000
Energy Conservation Improvement 1995, 5.00%	159,230	304,230
School Improvement 1999, 3.95-4.95%	5,895,000	6,365,000
School Improvement 2000		
Serial and Term 4.5%-5.375%	2,560,000	2,700,000
Capital Appreciation 5.00%-5.05%	271,709	258,544
School Improvement 2005		
Serial and Term 3-4.5%	9,795,000	0
Capital Appreciation 3.64-3.85%	351,099	0
Building Addition Refunding 2005		
Serial and Term 3-4.5%	1,249,107	0
Capital Appreciation 3.64-3.85%	96,701	0
Bus Acquisition Bond Anticipation Note	570,000	0
Total Outstanding Debt	\$23,262,846	\$13,717,774

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. The 1990 bonds will be fully repaid in calendar year 2010. The 1993 issue was refunded this year. Energy conservation bonds were issued in 1995 and were fully repaid in July 2005.

In an 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. \$9,999,995 million of bonds were issued under this authority in April 2005, and as such represent the entire increase in total outstanding debt over the prior year.

In October 2004, the School District issued \$720,000 of unvoted bond anticipation notes for the purpose of financing the acquisition of school buses and all necessary appurtenances. In October 2005, \$150,000 was repaid and the remaining \$570,000 of the notes was refinanced with the issuance of new bond anticipation notes.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

The School District's overall debt margin was \$58,815,116 with an unvoted debt margin of \$721,649 at June 30, 2005. The School District's most recent bond rating is an AA+ (up from the previous rating of AA) by Standard & Poor's and Aa2 by Moody's. For more information on debt, refer to Notes 15 and 16 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, 2004 and 2005 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 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 18 out of 23 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 continues to be unwavering as demonstrated by the most recent operating levy in May of 2003, wherein a 9.6 mill levy was passed with a 65.4% margin in the wake of a national, state and local economic slump. Additionally, the 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.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

State School Funding

The DeRolph Case & The Governor's Blue Ribbon Task Force

In December 1991, the Ohio Coalition for Equity and Adequacy of School Funding, representing over 550 Ohio school districts filed a lawsuit, *DeRolph vs. Ohio*, that became synonymous with the state-wide attempt to accomplish public school funding reform in Ohio. Although the plaintiffs were successful in winning both at the local Perry County Common Pleas level in 1994, and in the subsequent appeals process which led to an unprecedented four Ohio Supreme Court rulings that upheld the lower court ruling that the Ohio system of funding was unconstitutional in that it was neither "adequate" nor "equitable." Unfortunately, the plaintiffs were unsuccessful in forcing the State of Ohio to comply with the Ohio Supreme Court orders and in fact were denied a last ditch effort in October 2003, when the United States Supreme Court denied the plaintiffs motion to be heard. As of the date of these financial statements, the consensus opinion is that the *DeRolph* case is over and done.

During the last biennium, the State continued to struggle with the development of a constitutional school funding system primarily through the work of the Governor's Blue Ribbon Task Force on Financing Student Success. The recommendations of the Task Force, which had failed to reach consensus on school funding improvements to provide a system that would be predictable, affordable, spend money effectively, and support student achievement, were only partially adopted and incorporated into House Bill No. 66, the state's budget bill for the fiscal years 2006 and 2007.

Tax Reform-House Bill No. 66

House Bill No. 66 (H.B. 66), the State's biennial budget for fiscal years 2006 and 2007, was enacted in June 2005. This legislation adopted sweeping changes in the State's tax structure. The most significant provisions impacting the School District are the elimination of the Cost of Doing Business factor (CODB) portion of the State Formula Aid calculation, and the elimination of the tangible personal property tax.

The CODB is being phased-out over fiscal years 2006 and 2007. H.B. 66, however, provides for a "guarantee", or a floor (the fiscal 2005 State Formula Aid amount) below which school districts' funding will not fall during this biennium. Absent the continuation of this biennial "guarantee", the School District would lose approximately \$2 million per year.

H.B. 66 eliminates the tangible personal property tax. The tax has in recent years generated about \$2 million per year for the District. The phase-out for the tangible personal property taxpayer begins with the 2006 tax collection year, in which approximately 75% of the traditional amount will be payable, followed by 50% and 25% in tax collection years 2007 and 2008, respectively, with no tax due in tax collection year 2009.

At the same time the taxpayer phase-out is occurring, the phase-in of the H.B. 66 personal property tax loss reimbursement mechanism will begin to make payments to school districts to help offset the loss of personal property tax collections. The reimbursement payments will coincide with the phase-out, and will in essence approximate the reciprocal percentage of the phase-out tax payment percentage (i.e. 25%, 50%, 75%, and 100% for the tax collection years 2006, 2007, 2008, and 2009, respectively). After a second 100% reimbursement year in tax collection year 2010, the reimbursement payments will be phased-out over the ensuing five years.

Shaker Heights City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005
Unaudited

Because personal property tax collections are unpredictable under normal circumstances, the exact impact of the tax phase-out and tax reimbursement phase-in is unknown at this time. Consequently, 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.

Financial Reporting Awards

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 third 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.

Basic Financial Statements

Shaker Heights City School District

Statement of Net Assets

June 30, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$26,232,184
Cash and Cash Equivalents in Segregated Accounts	1,208,801
Accounts Receivable	3,021
Intergovernmental Receivable	647,349
Prepaid Items	93,950
Materials and Supplies Inventory	242,981
Property Taxes Receivable	60,838,535
Deferred Charges	152,895
Nondepreciable Capital Assets	1,225,081
Depreciable Capital Assets, Net	<u>15,651,679</u>
<i>Total Assets</i>	<u>106,296,476</u>
Liabilities	
Accounts Payable	627,475
Accrued Wages and Benefits	7,844,867
Matured Compensated Absences Payable	491,981
Intergovernmental Payable	2,173,027
Deferred Revenue	47,648,404
Claims Payable	426,100
Accrued Interest Payable	64,665
Notes Payable	150,000
Long-Term Liabilities:	
Due Within One Year	1,841,890
Due In More Than One Year	<u>27,532,074</u>
<i>Total Liabilities</i>	<u>88,800,483</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	4,100,033
Restricted for:	
Capital Projects	678,855
Debt Service	1,400,799
Set Asides	353,070
Food Service	145,283
Uniform School Supplies	27,116
Athletics	34,132
State Grants	123,916
Federal Grants	141,949
Other Purposes	135,670
Unrestricted	<u>10,355,170</u>
<i>Total Net Assets</i>	<u><u>\$17,495,993</u></u>

See accompanying notes to the basic financial statements

Shaker Heights City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2005

	Program Revenues				Net (Expense)
					Revenue and Changes
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	in Net Assets
				Governmental Activities	
Governmental Activities					
Instruction:					
Regular	\$32,924,168	\$971,608	\$528,306	\$47,670	(\$31,376,584)
Special	10,647,502	148,714	808,425	0	(9,690,363)
Vocational	365,419	0	0	0	(365,419)
Support Services:					
Pupils	5,238,920	9,913	24,560	0	(5,204,447)
Instructional Staff	5,352,258	0	1,438,595	0	(3,913,663)
Board of Education	12,936	0	0	0	(12,936)
Administration	6,251,458	0	0	0	(6,251,458)
Fiscal	1,957,648	0	5,737	0	(1,951,911)
Business	899,420	19	0	0	(899,401)
Operation and Maintenance of Plant	10,369,547	146,592	79,378	34,282	(10,109,295)
Pupil Transportation	4,429,933	905	0	20,997	(4,408,031)
Central	1,537,060	0	15,154	0	(1,521,906)
Operation of Non-Instructional Services	1,057,019	0	1,196,573	0	139,554
Food Service Operations	1,029,189	793,978	391,333	0	156,122
Extracurricular Activities	1,294,801	227,586	39,074	0	(1,028,141)
Interest and Fiscal Charges	781,322	0	0	0	(781,322)
<i>Totals</i>	<u>\$84,148,600</u>	<u>\$2,299,315</u>	<u>\$4,527,135</u>	<u>\$102,949</u>	<u>(77,219,201)</u>
General Revenues					
Property Taxes Levied for:					
					51,902,593
					1,604,046
					519,804
					22,989,562
					1,225
					622,591
					288,250
					<u>77,928,071</u>
					708,870
					<u>16,787,123</u>
					<u>\$17,495,993</u>

See accompanying notes to the basic financial statements

Shaker Heights City School District

Balance Sheet

Governmental Funds

June 30, 2005

	General	Building	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$12,994,448	\$11,020,149	\$1,864,517	\$25,879,114
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	353,070	0	0	353,070
Accounts Receivable	2,821	0	200	3,021
Intergovernmental Receivable	0	0	647,349	647,349
Prepaid Items	93,950	0	0	93,950
Materials and Supplies Inventory	134,713	0	108,268	242,981
Property Taxes Receivable	58,230,853	0	2,607,682	60,838,535
<i>Total Assets</i>	<u>\$71,809,855</u>	<u>\$11,020,149</u>	<u>\$5,228,016</u>	<u>\$88,058,020</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$383,458	\$191,299	\$52,718	\$627,475
Accrued Wages and Benefits	7,375,240	0	469,627	7,844,867
Matured Compensated Absences Payable	491,981		0	491,981
Intergovernmental Payable	2,052,168	0	120,859	2,173,027
Deferred Revenue	50,863,955	0	2,580,732	53,444,687
Notes Payable	0	150,000	0	150,000
<i>Total Liabilities</i>	<u>61,166,802</u>	<u>341,299</u>	<u>3,223,936</u>	<u>64,732,037</u>
 Fund Balances				
Reserved for Encumbrances	1,309,804	1,768,355	292,428	3,370,587
Reserved for Property Taxes	7,062,944	0	274,909	7,337,853
Reserved for Budget Stabilization	353,070	0	0	353,070
Unreserved, Undesignated				
Reported in:				
General Fund	1,917,235	0	0	1,917,235
Special Revenue Funds	0	0	264,879	264,879
Debt Service Fund	0	0	1,171,864	1,171,864
Capital Projects Funds	0	8,910,495	0	8,910,495
<i>Total Fund Balances</i>	<u>10,643,053</u>	<u>10,678,850</u>	<u>2,004,080</u>	<u>23,325,983</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$71,809,855</u>	<u>\$11,020,149</u>	<u>\$5,228,016</u>	<u>\$88,058,020</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, 2005

Total Governmental Fund Balances	\$23,325,983
---	---------------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,876,760
--	------------

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	5,543,534
Grants	<u>252,749</u>

Total	5,796,283
-------	-----------

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.	782,701
--	---------

Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.	152,895
--	---------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(64,665)
--	----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(6,111,118)
General Obligation Bonds	(21,954,230)
Notes Payable	(570,000)
Capital Appreciation Bonds	(579,221)
Accounting Gain	29,600
Bond Premium	<u>(188,995)</u>

Total	<u>(29,373,964)</u>
-------	---------------------

<i>Net Assets of Governmental Activities</i>	<u><u>\$17,495,993</u></u>
--	----------------------------

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, 2005

	General	Building	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$51,510,932	\$519,804	\$1,625,100	\$53,655,836
Intergovernmental	22,768,266	0	4,500,919	27,269,185
Interest	497,815	102,531	22,245	622,591
Tuition and Fees	985,812	0	75,824	1,061,636
Extracurricular Activities	0	0	225,611	225,611
Contributions and Donations	1,225	34,282	69,313	104,820
Charges for Services	71,479	0	793,997	865,476
Rentals	46,592	100,000	0	146,592
Miscellaneous	106,627	48,096	133,527	288,250
<i>Total Revenues</i>	<u>75,988,748</u>	<u>804,713</u>	<u>7,446,536</u>	<u>84,239,997</u>
Expenditures				
Current:				
Instruction:				
Regular	32,402,437	0	614,022	33,016,459
Special	9,923,031	0	817,833	10,740,864
Vocational	365,264	0	0	365,264
Support Services:				
Pupils	5,260,851	0	74,521	5,335,372
Instructional Staff	4,070,341	0	1,433,391	5,503,732
Board of Education	12,969	0	0	12,969
Administration	6,385,450	0	23,667	6,409,117
Fiscal	1,952,167	0	57,644	2,009,811
Business	924,499	0	8,276	932,775
Operation and Maintenance of Plant	10,161,474	0	86,375	10,247,849
Pupil Transportation	4,372,503	0	0	4,372,503
Central	1,512,419	0	26,350	1,538,769
Operation of Non-Instructional Services	50,896	0	1,093,484	1,144,380
Food Service Operations	0	0	1,053,939	1,053,939
Extracurricular Activities	942,341	0	389,280	1,331,621
Capital Outlay	0	1,527,868	47,670	1,575,538
Debt Service:				
Principal Retirement	0	0	1,205,000	1,205,000
Interest and Fiscal Charges	0	36,750	723,530	760,280
Bond Issuance Costs	0	0	154,830	154,830
<i>Total Expenditures</i>	<u>78,336,642</u>	<u>1,564,618</u>	<u>7,809,812</u>	<u>87,711,072</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,347,894)</u>	<u>(759,905)</u>	<u>(363,276)</u>	<u>(3,471,075)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	9,999,995	1,324,999	11,324,994
Bond Premium	0	0	191,387	191,387
Notes Issued	0	570,000	0	570,000
Payments to Refunded Bond Escrow Agent	0	0	(1,354,975)	(1,354,975)
Transfers In	0	0	281,912	281,912
Transfers Out	(281,912)	0	0	(281,912)
<i>Total Other Financing Sources (Uses)</i>	<u>(281,912)</u>	<u>10,569,995</u>	<u>443,323</u>	<u>10,731,406</u>
<i>Net Change in Fund Balances</i>	<u>(2,629,806)</u>	<u>9,810,090</u>	<u>80,047</u>	<u>7,260,331</u>
<i>Fund Balances Beginning of Year</i>	<u>13,272,859</u>	<u>868,760</u>	<u>1,924,033</u>	<u>16,065,652</u>
<i>Fund Balances End of Year</i>	<u>\$10,643,053</u>	<u>\$10,678,850</u>	<u>\$2,004,080</u>	<u>\$23,325,983</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, 2005*

Net Change in Fund Balances - Total Governmental Funds \$7,260,331

*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	2,050,101
Depreciation	<u>(1,353,390)</u>

Total 696,711

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal (25,745)

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

Property Taxes	370,607
Intergovernmental	<u>246,866</u>

Total 617,473

Repayment of bond principal and payment to refunded bond escrow agent, are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond Principal	1,205,000
Payment to Refunded Bond Escrow Agent	<u>1,354,975</u>

Total 2,559,975

Other financing sources in the governmental funds increased long-term liabilities in the statement of net assets. Governmental funds report the effect of premiums when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities

General Obligation Bonds Issued	(11,324,994)
Notes Issued	(570,000)
Premium on Bonds	<u>(191,387)</u>

Total (12,086,381)

Bond issuance costs will be amortized over the life of the bonds on the statement of net assets. 154,830

In the statement of activities, interest accrued on outstanding bonds and bond accretion, bond premium, and bond issuance costs are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued

Accrued Interest on Bonds	(441)
Amortization of Deferred Charges	(1,935)
Amortization of Bond Issuance Cost	2,392
Amortization of Refunding	(375)
Annual Accretion	<u>(20,683)</u>

Total (21,042)

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	(232,845)
Pension Obligation	<u>1,570,994</u>

Total 1,338,149

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.

214,569

Change in Net Assets of Governmental Activities

\$708,870

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$53,943,121	\$52,346,326	\$53,386,852	\$1,040,526
Intergovernmental	21,659,922	21,018,757	22,940,096	1,921,339
Interest	292,235	283,584	455,675	172,091
Tuition and Fees	1,238,483	1,201,822	982,991	(218,831)
Contributions and Donations	0	0	1,225	1,225
Charges for Services	47,018	45,627	71,479	25,852
Rentals	58,023	56,305	46,592	(9,713)
Miscellaneous	80,031	77,691	106,627	28,936
<i>Total Revenues</i>	77,318,833	75,030,112	77,991,537	2,961,425
Expenditures				
Current:				
Instruction:				
Regular	32,067,991	32,137,960	32,137,960	0
Special	10,696,151	10,879,964	10,879,964	0
Vocational	469,774	528,543	528,543	0
Support Services:				
Pupils	5,279,389	5,252,668	5,252,668	0
Instructional Staff	4,015,475	3,979,298	3,979,298	0
Board of Education	80,923	12,969	12,969	0
Administration	6,331,170	6,354,207	6,354,207	0
Fiscal	2,203,918	2,137,849	2,137,475	374
Business	840,513	903,626	903,626	0
Operation and Maintenance of Plant	9,976,632	9,808,108	9,808,108	0
Pupil Transportation	4,176,452	4,230,654	4,230,654	0
Central	1,506,854	1,496,279	1,496,279	0
Operation of Non-Instructional Services	96,280	56,855	56,855	0
Extracurricular Activities	956,237	918,779	918,779	0
<i>Total Expenditures</i>	78,697,759	78,697,759	78,697,385	374
<i>Excess of Revenues Under Expenditures</i>	(1,378,926)	(3,667,647)	(705,848)	2,961,799
Other Financing Uses				
Transfers Out	(281,912)	(281,912)	(281,912)	0
<i>Net Change in Fund Balance</i>	(1,660,838)	(3,949,559)	(987,760)	2,961,799
<i>Fund Balance Beginning of Year</i>	10,600,738	10,600,738	10,600,738	0
Prior Year Encumbrances Appropriated	2,072,160	2,072,160	2,072,160	0
<i>Fund Balance End of Year</i>	\$11,012,060	\$8,723,339	\$11,685,138	\$2,961,799

See accompanying notes to the basic financial statements

Shaker Heights City School District

Statement of Fund Net Assets

Internal Service Funds

June 30, 2005

Assets

Current Assets

Cash and Cash Equivalents
in Segregated Accounts

\$1,208,801

Liabilities

Current Liabilities

Claims Payable

426,100

Net Assets

Unrestricted

\$782,701

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, 2005*

Operating Revenues	
Charges for Services	<u>\$8,471,711</u>
Operating Expenses	
Purchased Services	5,146
Claims	<u>8,251,996</u>
<i>Total Operating Expenses</i>	<u>8,257,142</u>
<i>Change in Net Assets</i>	214,569
<i>Net Assets Beginning of Year</i>	<u>568,132</u>
<i>Net Assets End of Year</i>	<u><u>\$782,701</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, 2005

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Transactions with Other Funds	\$8,471,711
Cash Payments for Goods and Services	(5,146)
Cash Payments for Claims	(8,269,196)
	<hr/>

Net Cash Provided by Operating Activities 197,369

Cash and Cash Equivalents Beginning of Year

1,011,432

Cash and Cash Equivalents End of Year

\$1,208,801

***Reconciliation of Operating Income to
Net Cash Provided by Operating Activities***

Operating Income \$214,569

**Adjustments to Reconcile Operating Income to
Net Cash Provided by Operating Activities**

Decrease in Liabilities:
 Claims Payable

(17,200)

Net Cash Provided by Operating Activities

\$197,369

See accompanying notes to the basic financial statements

Shaker Heights City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

Assets

Equity Pooled in Cash and Cash Equivalents	<u>\$261,659</u>
--	------------------

Liabilities

Undistributed Monies	\$114,137
----------------------	-----------

Due to Students	<u>147,522</u>
-----------------	----------------

<i>Total Liabilities</i>	<u>\$261,659</u>
--------------------------	------------------

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, 2005*

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 294 classified employees, 439 certified teachers and 52 tutoring personnel, and 36 administrators who provide services to 5,734 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 17 and 18 to the basic financial statements.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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, 2005*

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

General Fund The general fund 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.

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

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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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 (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, 2005, but which were levied to finance fiscal year 2006 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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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

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

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of 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 2005, investments were limited to Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Mortgage Corporation Discounted Notes, and STAROhio (the State Treasury Asset Reserve of Ohio).

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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, 2005.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$497,815, which includes \$197,842 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 on the financial statements as cash equivalents.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, 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 externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or 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 20 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. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year. Donated capital 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

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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. Bond Issuance Costs

On government-wide statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance costs are expended when incurred.

M. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are reported as another financing source when received.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

N. Gain/Loss on Refunding

On the government-wide financial statements, the difference between the reacquisition price (the funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter.

O. 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.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net assets reports \$3,245,785 of restricted net assets, of which \$1,987,383 is restricted by enabling legislation.

Net assets restricted for other purposes include student activities and special education.

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

Q. 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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

R. Interfund Activity

Transfers between governmental 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.

S. 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.

T. 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.

U. Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2005, the School District has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.”

GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk.

GASB Statement No. 46 clarifies when net assets should be considered restricted based upon enabling legislation.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

The implementation of GASB Statement No. 46 and GASB Technical Bulletin No. 2004-2 did not materially affect the presentation of the financial statements of the School District.

Note 4 – Fund Deficits

The following funds had deficit fund balances as of June 30, 2005:

Special Revenue Funds

Management Information Systems	\$190
Disadvantaged Pupil Impact Aid	682
Ohio Reads Community Grant	25
Title VI-B	22,048
Title I	940
Drug Free Schools	860
Preschool Disability	1,469
Class Size Reduction	1,783

The deficits in the special revenue funds resulted from the recognition of accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than 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, 2005*

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	(\$2,629,806)
Net Adjustment for Revenue Accruals	2,184,908
Beginning Fair Value Adjustment for Investments	(124,094)
Ending Fair Value Adjustment for Investments	(58,025)
Net Adjustment for Expenditure Accruals	1,359,662
Adjustment for Encumbrances	<u>(1,720,405)</u>
Budget Basis	<u><u>(\$987,760)</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 School District treasury. Active 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 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.

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

Interim monies held by the School District can 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, 2005*

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. Investments may only be made through specified dealers and institutions.

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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$214,709 of the School District's bank balance of \$356,281 was uninsured and uncollateralized. Although the securities were held by the pledging institutions' trust department and all 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.

The School District has no deposit policy for custodial risk beyond the requirement of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Shaker Heights City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Investments

Investments are reported at fair value. As of June 30, 2005, the School District had the following investments:

	Fair Value	Average Maturity
Federal Home Loan Bank Bonds	\$4,968,057	8/26/05 - 4/6/06
Federal Home Loan Mortgage Corporation Bonds	2,968,218	12/13/06 - 3/1/07
Federal Home Loan Mortgage Corporation Discounted Notes	1,948,403	1/9/06 - 5/30/06
STAROhio	1,715	33 Days
Total	<u>\$9,886,393</u>	

Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. To date, no investments have been purchased with a life greater than four years.

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

Credit Risk The Federal Home Loan Bank Bonds, the Federal Home Loan Mortgage Corporation Bonds and the Federal Home Loan Mortgage Corporation Discounted Notes all carry a rating of AAA by Standard & Poor's. STAROhio also carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2005:

Investment	Percentage of Investments
Federal Home Loan Bank Bonds	50.25%
Federal Home Loan Mortgage Corporation Bonds	30.02%
Federal Home Loan Mortgage Corporation Discounted Notes	19.71%
STAROhio	0.02%

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, 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.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 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 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, the June 2005 personal property tax settlement was not received until July 2005.

The School District receives property taxes from Cuyahoga County. The County Auditor 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, 2005, are available to finance fiscal year 2005 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, 2005 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, 2005 was \$7,062,944 in the general fund and \$274,909 in the bond retirement debt service fund. 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 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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$859,755,000	96.43%	\$852,475,400	96.78%
Public Utility Property	17,827,640	2.00	17,529,940	1.99
Tangible Personal Property	13,995,216	1.57	10,874,112	1.23
Total	\$891,577,856	100.00%	\$880,879,452	100.00%
Tax rate per \$1,000 of assessed valuation		\$158.90		\$159.20

Note 8 - Receivables

Receivables at June 30, 2005, consisted of taxes, accounts (rent and student fees) 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.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Federal Nutrition Subsidies	\$57,828
Summer School Grant and Subsidies	710
Title VI-B Grant and Subsidies	212,030
Limited English Proficiency Grant and Subsidies	12,310
Title I Grant and Subsidies	265,786
Title V Grant and Subsidies	11,319
Drug Free Grant and Subsidies	10,441
Preschool Disability Grant and Subsidies	4,083
Classroom Size Reduction Grant and Subsidies	64,106
Goals 2000 Grant and Subsidies	8,736
Total Intergovernmental Receivables	\$647,349

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance 6/30/04	Additions	Deletions	Balance 6/30/05
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$943,600	\$0	\$0	\$943,600
Construction in Progress	41,437	329,489	(89,445)	281,481
<i>Total Capital Assets, not being Depreciated</i>	<u>985,037</u>	<u>329,489</u>	<u>(89,445)</u>	<u>1,225,081</u>
<i>Capital Assets, being Depreciated</i>				
Land Improvements	1,886,092	54,910	0	1,941,002
Buildings and Improvemets	19,600,056	414,845	0	20,014,901
Equipment	11,064,616	1,066,631	(1,199,384)	10,931,863
Vehicles	2,751,730	273,671	(183,000)	2,842,401
<i>Total Capital Assets, being Depreciated</i>	<u>35,302,494</u>	<u>1,810,057</u>	<u>(1,382,384)</u>	<u>35,730,167</u>
Less: Accumulated Depreciation:				
Land Improvements	(677,264)	(56,179)	0	(733,443)
Buildings and Improvements	(7,543,006)	(386,361)	0	(7,929,367)
Equipment	(9,591,883)	(660,053)	1,182,076	(9,069,860)
Vehicles	(2,269,584)	(250,797)	174,563	(2,345,818)
<i>Total Accumulated Depreciation</i>	<u>(20,081,737)</u>	<u>(1,353,390)</u>	<u>1,356,639</u>	<u>(20,078,488)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	<u>15,220,757</u>	<u>456,667</u>	<u>(25,745)</u>	<u>15,651,679</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$16,205,794</u>	<u>\$786,156</u>	<u>(\$115,190)</u>	<u>\$16,876,760</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$328,418
Special	18,663
Support Services:	
Pupils	5,472
Instructional Staff	38,982
Administration	23,364
Fiscal	3,232
Business	5,859
Operation and Maintenance of Plant	583,227
Pupil Transportation	225,641
Central	44,222
Operation of Non-Instructional Services	67,815
Extracurricular	8,495
Total Depreciation Expense	<u>\$1,353,390</u>

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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 2005, the School District contracted with Indiana Insurance Company for property and inland marine insurance. The primary deductibles are \$250 for inland marine and \$10,000 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 \$6,000,000 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, 2005, 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, 2005, was \$292,400.

C. Employee Health Benefits

The School District is self-insured for prescription drug insurance and a small portion of medical and dental insurance. The Caremark PCS (formally known as Advance PCS), the third party administrator of the program, reviews and pays the claims. Monthly premiums for prescription drug insurance are \$289.46 for family coverage and \$109.23 for single coverage. The program utilizes a \$4 prescription deductible for generic drugs and a \$12 deductible for non-generic drugs. The School District paid \$5,146 in fees to the program administrator in fiscal year 2005. 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, 2005 is \$133,700 and is based on the July 2005 actual billing.

The claims liability reported in the internal service funds at June 30, 2005 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 2004 and 2005 are as follows:

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2004	\$552,704	\$7,032,757	\$7,142,161	\$443,300
2005	443,300	8,251,996	8,269,196	426,100

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 a \$10 office visit co-pay. Individual coverage is \$265.77 per month while family coverage for a family of two is \$531.54 and for a family of three or more is \$797.31. The Anthem Insurance Company plan provides medical/surgical insurance with no deductible in the network and co-pays for office visits, urgent care and emergency room services. Outside the network, the plan provides medical/surgical insurance 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 \$271.82 per month while family coverage is \$715.65.

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

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 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, 2005, 2004 and 2003 were \$1,574,844, \$1,219,781, and \$885,093, respectively; 62.10 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

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 East Broad Street, Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment 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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

For the fiscal year ended June 30, 2005, 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, 2005, 2004, and 2003 were \$4,720,002, \$4,498,377, and \$4,143,248, respectively; 87.65 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$68,057 made by the School District and \$131,534 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.

STRS retirees who participated in the DB or Combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All 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, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$337,143 for fiscal year 2005.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS had 111,853 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. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's salaries. For the 2005 fiscal year, the School District paid \$488,703 to fund health care benefits, including the surcharge.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS had approximately 62,000 participants currently receiving health care benefits.

Note 14 – Interfund Transfers and Balances

Transfers made during the year ended June 30, 2005 were as follows:

<u>Transfers To</u>	<u>General</u>
Non-Major Governmental Funds:	
Shaker Merchandise	\$1,700
Athletics	120,000
Bond Retirement	<u>160,212</u>
<i>Total All Funds</i>	<u><u>\$281,912</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 15 – Short-Term Debt

During fiscal year 2005, the School District issued \$3,720,000 in bond anticipation notes. Both notes were backed by the full faith and credit of the School District. The \$3,000,000 note was issued and repaid in fiscal year 2005 for the purpose of providing and improving buildings and facilities. The \$720,000 note was issued for the purpose of acquiring school buses and all necessary appurtenances. The note proceeds were receipted into the building capital projects fund. In fiscal year 2006, the School District paid \$150,000 on the \$720,000 note and refinanced the remainder with a \$570,000 note. Therefore, only \$150,000 of the note appears in the short-term debt.

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/05</u>
Bus Acquisition Notes, 1.99%	\$0	\$150,000	\$0	\$150,000
School Improvement Bond				
Anticipation Notes, 3.00%	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>
<i>Total Notes</i>	<u><u>\$0</u></u>	<u><u>\$3,150,000</u></u>	<u><u>\$3,000,000</u></u>	<u><u>\$150,000</u></u>

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

Note 15 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2005, were as follows:

	Principal Outstanding 06/30/04	Additions	Deletions	Principal Outstanding 06/30/05	Amounts Due in One Year
Governmental Activities					
School Improvement Bonds					
1990, 7.08%	\$2,615,000	\$0	\$300,000	\$2,315,000	\$325,000
Building Addition Bonds					
1993, 5.034%	1,475,000	0	1,475,000	0	0
Energy Conservation Improvement Bonds 1995, 5.00%	304,230	0	145,000	159,230	159,230
School Improvement Bonds					
1999, 4.63%	6,365,000	0	470,000	5,895,000	490,000
School Improvement Bonds 2000					
Serial and Term Bonds 4.3% - 5.375%	2,700,000	0	140,000	2,560,000	145,000
Capital Appreciation					
Bonds 5.00% - 5.05%	134,993	0	0	134,993	0
Accretion on Capital					
Appreciation Bonds	123,551	13,165	0	136,716	0
School Improvement Bonds 2005					
Serial and Term Bonds 4.3% - 5.375%	0	9,795,000	0	9,795,000	0
Capital Appreciation					
Bonds 5.00% - 5.05%	0	204,995	0	204,995	0
Accretion on Capital	0	5,816	0	5,816	0
Unamortized Premium	0	142,063	1,775	140,288	0
Building Addition Refunding Bonds 2005					
Serial and Term Bonds 4.3% - 5.375%	0	1,230,000	0	1,230,000	35,000
Capital Appreciation					
Bonds 5.00% - 5.05%	0	94,999	0	94,999	0
Accretion on Capital	0	1,702	0	1,702	0
Unamortized Premium	0	49,324	617	48,707	0
Unamortized Accounting Gain	0	(29,975)	(375)	(29,600)	0
<i>Total General Obligation Bonds</i>	<u>13,717,774</u>	<u>11,507,089</u>	<u>2,532,017</u>	<u>22,692,846</u>	<u>1,154,230</u>
Bus Acquisition Bond Anticipation Note					
2004, 1.99%	0	570,000	0	570,000	0
Compensated Absences	5,878,273	883,435	650,590	6,111,118	687,660
<i>Total Governmental Activities</i>	<u>\$19,596,047</u>	<u>\$12,960,524</u>	<u>\$3,182,607</u>	<u>\$29,373,964</u>	<u>\$1,841,890</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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

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:

<u>Year</u>	<u>Amount</u>
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.

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 2005, \$13,165 was accreted for a total bond value of \$271,709.

On April 5, 2005, the School District issued \$1,230,000 in building addition refunding bonds and \$9,999,995 in serial and term school improvement bonds with interest rates varying from 4.3 to 5.375 percent.

Proceeds of the building addition refunding bonds were used to refund \$1,325,000 of the outstanding 1993 building addition bonds. Proceeds of the school improvement bonds were used to fund improvements and repairs to the School District's buildings. An analysis of the information follows:

	<u>1993 Building Addition Bonds</u>
Outstanding at June 30, 2004	\$1,475,000
Amount Refunded	(1,325,000)
Non-Refunded Portion	150,000
Principal Payment on Non-Refunded Portion	(150,000)
Outstanding at June 30, 2005	<u><u>\$0</u></u>

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

The bonds were issued at a premium of \$191,387. Proceeds of \$1,354,975 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment on the refunded portion of the 1993 building addition bonds. As a result, \$1,325,000 of these bonds is considered defeased.

The refunding resulted in a difference between the reacquisition price and net carrying amount of the old debt of \$29,975. This difference, being reported as a reduction in bonds payable, is being charged to operations through the maturity of the old or new bonds, whichever is shorter using the straight-line method. The School District completed the refunding to reduce its total debt service payments over the next seven years by \$79,644 and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of \$96,673.

The 2005 capital appreciation bonds will mature in fiscal year 2011. The maturity amount of the bonds is \$465,000. For fiscal year 2005, \$5,816 was accreted for a total bond value of \$210,811.

The 2005 refunding capital appreciation bonds will mature in fiscal years 2009 and 2010. The maturity amount of the bonds is \$175,000. For fiscal year 2005, \$1,702 was accreted for a total bond value of \$96,701.

Compensated absences will be paid from the general, food service, auxiliary services, summer school, goals 2000 pacesetter, title VI-B, limited English proficiency, Title I, drug free schools, preschool, and class size reduction funds.

The School District's overall debt margin was \$58,815,116 with an unvoted debt margin of \$721,649 at June 30, 2005. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2005 are as follows:

Fiscal Year Ending June 30,	Serial and Term Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2006	\$1,154,230	\$956,884	\$0	\$0
2007	2,200,000	880,043	0	0
2008	2,300,000	789,615	0	0
2009	1,290,000	739,545	70,976	94,024
2010	1,330,000	686,496	64,017	100,983
2011-2015	5,410,000	2,486,509	299,994	340,006
2016-2020	5,550,000	1,267,722	0	0
2021-2025	2,270,000	354,240	0	0
2026	450,000	10,125	0	0
	<u>\$21,954,230</u>	<u>\$8,171,179</u>	<u>\$434,987</u>	<u>\$535,013</u>

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

Note 17 - Jointly Governed Organizations

A. Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-nine 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 terms rotate. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2005, the School District paid \$4,117 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.

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 seventeen 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 2005, the School District paid \$4,230 to LNOCA. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, Ohio 44125.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

Note 18 - 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.

Note 19 - 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, 2005.

B. Litigation

The Shaker Heights City School District is party to various 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 20 - 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, 2005, only the unspent portion of certain workers' compensation refunds continue to be 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.

Shaker Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005*

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-Aside Reserve Balance as of June 30, 2004	(\$2,743,169)	(\$5,764,906)	\$353,070
Current Year Set-Aside Requirement	839,351	839,351	0
Current Year Offset	0	(11,441,963)	0
Qualifying Disbursements	<u>(1,366,763)</u>	<u>(463,182)</u>	<u>0</u>
Totals	<u>(\$3,270,581)</u>	<u>(\$16,830,700)</u>	<u>\$353,070</u>
Set-Aside Balances Carried Forward to Future Fiscal Years	<u>(\$3,270,581)</u>	<u>(\$16,830,700)</u>	<u>\$353,070</u>
Set-Aside Reserve Balance as of June 30, 2005	<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 textbook 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.

Note 21 – Subsequent Event

On October 20, 2005, the School District issued a \$570,000 bus acquisition note for 4.00 percent interest in the building capital projects fund. The note matures on October 20, 2006. The proceeds were used to refinance the note issued in fiscal year 2005.

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.

(continued)

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).

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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Bond Retirement Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$697,443	\$1,167,074	\$1,864,517
Accounts Receivable	200	0	200
Intergovernmental Receivable	647,349	0	647,349
Materials and Supplies Inventory	108,268	0	108,268
Property Taxes Receivable	0	2,607,682	2,607,682
<i>Total Assets</i>	<u>\$1,453,260</u>	<u>\$3,774,756</u>	<u>\$5,228,016</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$52,718	\$0	\$52,718
Accrued Wages and Benefits	469,627	0	469,627
Intergovernmental Payable	120,859	0	120,859
Deferred Revenue	252,749	2,327,983	2,580,732
<i>Total Liabilities</i>	<u>895,953</u>	<u>2,327,983</u>	<u>3,223,936</u>
Fund Balances			
Reserved for Encumbrances	292,428	0	292,428
Reserved for Property Taxes	0	274,909	274,909
Unreserved, Undesignated Reported In:			
Special Revenue Funds	264,879	0	264,879
Debt Service Fund	0	1,171,864	1,171,864
Capital Projects Funds	0	0	0
<i>Total Fund Balances</i>	<u>557,307</u>	<u>1,446,773</u>	<u>2,004,080</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,453,260</u>	<u>\$3,774,756</u>	<u>\$5,228,016</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, 2005

	Nonmajor Special Revenue Funds	Nonmajor Bond Retirement Debt Service Fund	Nonmajor School Net Plus Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$0	\$1,625,100	\$0	\$1,625,100
Intergovernmental	4,210,956	242,293	47,670	4,500,919
Interest	8,895	13,350	0	22,245
Tuition and Fees	75,824	0	0	75,824
Extracurricular Activities	225,611	0	0	225,611
Contributions and Donations	69,313	0	0	69,313
Charges for Services	793,997	0	0	793,997
Miscellaneous	133,527	0	0	133,527
<i>Total Revenues</i>	<u>5,518,123</u>	<u>1,880,743</u>	<u>47,670</u>	<u>7,446,536</u>
Expenditures				
Current:				
Instruction:				
Regular	614,022	0	0	614,022
Special	817,833	0	0	817,833
Support Services:				
Pupils	74,521	0	0	74,521
Instructional Staff	1,433,391	0	0	1,433,391
Administration	23,667	0	0	23,667
Fiscal	6,102	51,542	0	57,644
Business	8,276	0	0	8,276
Operation and Maintenance of Plant	86,375	0	0	86,375
Central	26,350	0	0	26,350
Operation of Non-Instructional Services	1,093,484	0	0	1,093,484
Food Service Operations	1,053,939	0	0	1,053,939
Extracurricular Activities	389,280	0	0	389,280
Capital Outlay	0	0	47,670	47,670
Debt Service:				
Principal Retirement	0	1,205,000	0	1,205,000
Interest and Fiscal Charges	0	723,530	0	723,530
Bond Issuance Costs	0	154,830	0	154,830
<i>Total Expenditures</i>	<u>5,627,240</u>	<u>2,134,902</u>	<u>47,670</u>	<u>7,809,812</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(109,117)</u>	<u>(254,159)</u>	<u>0</u>	<u>(363,276)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	1,324,999	0	1,324,999
Bond Premium	0	191,387	0	191,387
Payments to Refunded Bond Escrow Agent	0	(1,354,975)	0	(1,354,975)
Transfers In	121,700	160,212	0	281,912
<i>Total Other Financing Sources (Uses)</i>	<u>121,700</u>	<u>321,623</u>	<u>0</u>	<u>443,323</u>
<i>Net Change in Fund Balances</i>	12,583	67,464	0	80,047
<i>Fund Balances Beginning of Year</i>	<u>544,724</u>	<u>1,379,309</u>	<u>0</u>	<u>1,924,033</u>
<i>Fund Balances End of Year</i>	<u>\$557,307</u>	<u>\$1,446,773</u>	<u>\$0</u>	<u>\$2,004,080</u>

Shaker Heights City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Public School Support	Shaker Merchandise	Athletic	Auxiliary Services
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$102,267	\$489	\$44,820	\$322,805
Accounts Receivable	0	0	200	0
Intergovernmental Receivable	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$102,267</u>	<u>\$489</u>	<u>\$45,020</u>	<u>\$322,805</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$11,195	\$0	\$9,992	\$4,176
Accrued Wages and Benefits	0	0	0	100,482
Intergovernmental Payable	0	0	896	14,744
Deferred Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>11,195</u>	<u>0</u>	<u>10,888</u>	<u>119,402</u>
 Fund Balances				
Reserved for Encumbrances	12,589	400	13,231	202,908
Unreserved, Undesignated (Deficit)	78,483	89	20,901	495
<i>Total Fund Balances (Deficit)</i>	<u>91,072</u>	<u>489</u>	<u>34,132</u>	<u>203,403</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$102,267</u>	<u>\$489</u>	<u>\$45,020</u>	<u>\$322,805</u>

Management Information Systems	Entry Teacher Program	Disadvantaged Pupil Impact Aid	Ohio Reads Community Grant	Summer School	Goals 2000 Pacesetter	Title VI-B
\$0	\$12,937	\$0	\$0	\$10,608	\$10,880	\$3,050
0	0	0	0	0	0	0
0	0	0	0	710	0	212,030
0	0	0	0	0	0	0
<u>\$0</u>	<u>\$12,937</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,318</u>	<u>\$10,880</u>	<u>\$215,080</u>
\$0	\$4,006	\$0	\$0	\$0	\$1,065	\$0
0	0	0	0	6,046	0	170,565
190	268	682	25	2,532	1,627	47,813
0	0	0	0	710	0	18,750
190	4,274	682	25	9,288	2,692	237,128
0	7,857	0	0	3,164	6,011	31
(190)	806	(682)	(25)	(1,134)	2,177	(22,079)
(190)	8,663	(682)	(25)	2,030	8,188	(22,048)
<u>\$0</u>	<u>\$12,937</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,318</u>	<u>\$10,880</u>	<u>\$215,080</u>

(continued)

Shaker Heights City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2005

	Limited English Proficiency	Title I	Title V	Drug Free Schools
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$1,565	\$6,281	\$894	\$2,099
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	12,310	265,786	11,319	10,441
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$13,875</u>	<u>\$272,067</u>	<u>\$12,213</u>	<u>\$12,540</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$1,528	\$326	\$0
Accrued Wages and Benefits	8,409	108,798	0	6,103
Intergovernmental Payable	882	14,479	150	538
Deferred Revenue	3,621	148,202	10,290	6,759
<i>Total Liabilities</i>	<u>12,912</u>	<u>273,007</u>	<u>10,766</u>	<u>13,400</u>
 Fund Balances				
Reserved for Encumbrances	0	3,677	327	0
Unreserved, Undesignated (Deficit)	963	(4,617)	1,120	(860)
<i>Total Fund Balances (Deficit)</i>	<u>963</u>	<u>(940)</u>	<u>1,447</u>	<u>(860)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,875</u>	<u>\$272,067</u>	<u>\$12,213</u>	<u>\$12,540</u>

<u>Preschool Disability</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>
\$50	\$8,115	\$369	\$83,756	\$27,116	\$59,342	\$697,443
0	0	0	0	0	0	200
4,083	64,106	8,736	57,828	0	0	647,349
0	0	0	108,268	0	0	108,268
<u>\$4,133</u>	<u>\$72,221</u>	<u>\$9,105</u>	<u>\$249,852</u>	<u>\$27,116</u>	<u>\$59,342</u>	<u>\$1,453,260</u>
\$0	\$7,489	\$0	\$0	\$0	\$12,941	\$52,718
4,754	8,632	0	55,838	0	0	469,627
535	2,515	54	30,637	0	2,292	120,859
313	55,368	8,736	0	0	0	252,749
<u>5,602</u>	<u>74,004</u>	<u>8,790</u>	<u>86,475</u>	<u>0</u>	<u>15,233</u>	<u>895,953</u>
0	2,870	0	28,031	836	10,496	292,428
(1,469)	(4,653)	315	135,346	26,280	33,613	264,879
<u>(1,469)</u>	<u>(1,783)</u>	<u>315</u>	<u>163,377</u>	<u>27,116</u>	<u>44,109</u>	<u>557,307</u>
<u>\$4,133</u>	<u>\$72,221</u>	<u>\$9,105</u>	<u>\$249,852</u>	<u>\$27,116</u>	<u>\$59,342</u>	<u>\$1,453,260</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, 2005

	Public School Support	Shaker Merchandise	Athletic	Auxiliary Services	Management Information Systems
Revenues					
Intergovernmental	\$0	\$0	\$0	\$1,167,652	\$18,763
Interest	2,208	0	0	4,689	0
Tuition and Fees	1,775	0	200	0	0
Extracurricular Activities	99,133	0	126,478	0	0
Contributions and Donations	32,718	0	6,356	0	0
Charges for Services	0	19	0	0	0
Miscellaneous	115,640	6,931	0	0	0
<i>Total Revenues</i>	<u>251,474</u>	<u>6,950</u>	<u>133,034</u>	<u>1,172,341</u>	<u>18,763</u>
Expenditures					
Current:					
Instruction:					
Regular	83,479	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
Administration	0	0	0	23,667	0
Fiscal	0	0	0	0	3,646
Business	0	8,276	0	0	0
Operation and Maintenance of Plant	0	0	6,997	0	0
Central	0	0	0	0	15,307
Operation of Non-Instructional Services	0	0	0	1,061,562	0
Food Service Operations	0	0	0	0	0
Extracurricular Activities	136,341	0	252,939	0	0
<i>Total Expenditures</i>	<u>219,820</u>	<u>8,276</u>	<u>259,936</u>	<u>1,085,229</u>	<u>18,953</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	31,654	(1,326)	(126,902)	87,112	(190)
Other Financing Sources					
Transfers In	0	1,700	120,000	0	0
<i>Net Change in Fund Balances</i>	31,654	374	(6,902)	87,112	(190)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>59,418</u>	<u>115</u>	<u>41,034</u>	<u>116,291</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$91,072</u>	<u>\$489</u>	<u>\$34,132</u>	<u>\$203,403</u>	<u>(\$190)</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
\$29,490	\$108,377	\$24,000	\$4,140	\$20,500	\$97,990	\$64,020	\$59,884
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
29,490	108,377	24,000	4,140	20,500	97,990	64,020	59,884
0	109,059	0	0	14,887	14,239	64,020	225
0	0	0	0	0	88,103	0	0
0	0	0	0	0	0	0	0
19,604	0	0	4,140	4,025	9,652	0	54,850
0	0	0	0	0	0	0	0
0	0	0	0	0	2,456	0	0
0	0	0	0	0	0	0	0
0	0	24,000	0	0	0	0	0
1,043	0	0	0	0	0	0	0
2,253	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
22,900	109,059	24,000	4,140	18,912	114,450	64,020	55,075
6,590	(682)	0	0	1,588	(16,460)	0	4,809
0	0	0	0	0	0	0	0
6,590	(682)	0	0	1,588	(16,460)	0	4,809
2,073	0	0	0	(1,613)	18,490	0	3,379
\$8,663	(\$682)	\$0	\$0	(\$25)	\$2,030	\$0	\$8,188

(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, 2005

	Title VI-B	Limited English Proficiency	Title I	Title V	Drug Free Schools
Revenues					
Intergovernmental	\$1,195,714	\$33,133	\$549,461	\$21,824	\$22,083
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>1,195,714</u>	<u>33,133</u>	<u>549,461</u>	<u>21,824</u>	<u>22,083</u>
Expenditures					
Current:					
Instruction:					
Regular	0	32,197	0	9,581	0
Special	49,968	0	677,962	0	0
Support Services:					
Pupils	0	0	0	0	16,199
Instructional Staff	1,152,406	271	17,136	13,876	549
Administration	0	0	0	0	0
Fiscal	0	0	0	0	0
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	0	0	0	10,138	6,814
Food Service Operations	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
<i>Total Expenditures</i>	<u>1,202,374</u>	<u>32,468</u>	<u>695,098</u>	<u>33,595</u>	<u>23,562</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(6,660)	665	(145,637)	(11,771)	(1,479)
Other Financing Sources					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(6,660)	665	(145,637)	(11,771)	(1,479)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(15,388)</u>	<u>298</u>	<u>144,697</u>	<u>13,218</u>	<u>619</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$22,048)</u></u>	<u><u>\$963</u></u>	<u><u>(\$940)</u></u>	<u><u>\$1,447</u></u>	<u><u>(\$860)</u></u>

Preschool Disability	E-Rate	Class Size Reduction	Goals 2000	Food Service	Uniform School Supplies	Local Grants	Total Nonmajor Special Revenue Funds
\$26,095	\$55,378	\$109,137	\$23,982	\$391,333	\$0	\$188,000	\$4,210,956
0	0	0	0	1,994	0	4	8,895
0	0	0	0	0	73,849	0	75,824
0	0	0	0	0	0	0	225,611
0	0	0	0	0	0	30,239	69,313
0	0	0	0	793,978	0	0	793,997
0	0	0	0	10,956	0	0	133,527
<u>26,095</u>	<u>55,378</u>	<u>109,137</u>	<u>23,982</u>	<u>1,198,261</u>	<u>73,849</u>	<u>218,243</u>	<u>5,518,123</u>
0	0	55,093	31,437	0	63,697	136,108	614,022
1,800	0	0	0	0	0	0	817,833
0	0	0	0	58,322	0	0	74,521
25,764	0	67,477	4,359	0	0	59,282	1,433,391
0	0	0	0	0	0	0	23,667
0	0	0	0	0	0	0	6,102
0	0	0	0	0	0	0	8,276
0	55,378	0	0	0	0	0	86,375
0	0	0	0	0	0	10,000	26,350
0	0	12,242	475	0	0	0	1,093,484
0	0	0	0	1,053,939	0	0	1,053,939
0	0	0	0	0	0	0	389,280
<u>27,564</u>	<u>55,378</u>	<u>134,812</u>	<u>36,271</u>	<u>1,112,261</u>	<u>63,697</u>	<u>205,390</u>	<u>5,627,240</u>
(1,469)	0	(25,675)	(12,289)	86,000	10,152	12,853	(109,117)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>121,700</u>
(1,469)	0	(25,675)	(12,289)	86,000	10,152	12,853	12,583
0	0	23,892	12,604	77,377	16,964	31,256	544,724
<u>(\$1,469)</u>	<u>\$0</u>	<u>(\$1,783)</u>	<u>\$315</u>	<u>\$163,377</u>	<u>\$27,116</u>	<u>\$44,109</u>	<u>\$557,307</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, 2004, and 2005.

Shaker Heights City School District
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2005

	Self Insurance	Workers' Compensation Reserve	Totals
Assets			
<i>Current Assets:</i>			
Cash and Cash Equivalents in Segrated Accounts	\$916,401	\$292,400	\$1,208,801
Liabilities			
<i>Current Liabilities:</i>			
Claims Payable	133,700	292,400	426,100
Net Assets			
Unrestricted	\$782,701	\$0	\$782,701

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, 2005*

	Self Insurance	Workers' Compensation Reserve	Totals
Operating Revenues			
Charges for Services	\$8,377,443	\$94,268	\$8,471,711
Operating Expenses			
Purchased Services	5,146	0	5,146
Claims	8,157,728	94,268	8,251,996
<i>Total Operating Expenses</i>	8,162,874	94,268	8,257,142
<i>Change in Net Assets</i>	214,569	0	214,569
<i>Net Assets Beginning of Year</i>	568,132	0	568,132
<i>Net Assets End of Year</i>	\$782,701	\$0	\$782,701

Shaker Heights City School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2005

	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	\$8,377,443	\$94,268	\$8,471,711
Cash Payments for Goods and Services	(5,146)	0	(5,146)
Cash Payments for Claims	(8,142,328)	(126,868)	(8,269,196)
<i>Net Cash Provided by (Used for) Operating Activities</i>	229,969	(32,600)	197,369
<i>Cash and Cash Equivalents Beginning of Year</i>	686,432	325,000	1,011,432
<i>Cash and Cash Equivalents End of Year</i>	\$916,401	\$292,400	\$1,208,801
<i>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</i>			
<i>Operating Income</i>	\$214,569	\$0	\$214,569
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities			
Increase/(Decrease) in Claims Payable	15,400	(32,600)	(17,200)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$229,969	(\$32,600)	\$197,369

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, 2005

	Beginning Balance 06/30/04	Additions	Deductions	Ending Balance 06/30/05
Rotary				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$109,058	\$153,140	\$148,061	\$114,137
Liabilities				
Undistributed Monies	\$109,058	\$153,140	\$148,061	\$114,137
Student Activities				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$133,582	\$249,208	\$235,268	\$147,522
Liabilities				
Due to Students	\$133,582	\$249,208	\$235,268	\$147,522
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$242,640	\$402,348	\$383,329	\$261,659
Liabilities				
Undistributed Monies	\$109,058	\$153,140	\$148,061	\$114,137
Due to Students	133,582	249,208	235,268	147,522
<i>Total Liabilities</i>	\$242,640	\$402,348	\$383,329	\$261,659

**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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$53,943,121	\$52,346,326	\$53,386,852	\$1,040,526
Intergovernmental	21,659,922	21,018,757	22,940,096	1,921,339
Interest	292,235	283,584	455,675	172,091
Tuition and Fees	1,238,483	1,201,822	982,991	(218,831)
Contributions and Donations	0	0	1,225	1,225
Charges for Services	47,018	45,627	71,479	25,852
Rentals	58,023	56,305	46,592	(9,713)
Miscellaneous	80,031	77,691	106,627	28,936
<i>Total Revenues</i>	<u>77,318,833</u>	<u>75,030,112</u>	<u>77,991,537</u>	<u>2,961,425</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	23,903,702	23,952,169	23,952,169	0
Fringe Benefits	6,930,993	6,992,055	6,992,055	0
Purchased Services	453,344	453,707	453,707	0
Materials and Supplies	674,412	634,068	634,068	0
Capital Outlay - New	92,303	86,572	86,572	0
Capital Outlay - Replacement	12,468	17,633	17,633	0
Other	769	1,756	1,756	0
Total Regular	<u>32,067,991</u>	<u>32,137,960</u>	<u>32,137,960</u>	<u>0</u>
Special:				
Salaries and Wages	4,653,096	4,664,722	4,664,722	0
Fringe Benefits	1,571,495	1,573,495	1,573,495	0
Purchased Services	4,392,457	4,558,346	4,558,346	0
Materials and Supplies	59,228	58,288	58,288	0
Capital Outlay - New	19,850	25,088	25,088	0
Other	25	25	25	0
Total Special	<u>10,696,151</u>	<u>10,879,964</u>	<u>10,879,964</u>	<u>0</u>
Vocational:				
Salaries and Wages	77,998	80,819	80,819	0
Fringe Benefits	21,447	23,480	23,480	0
Purchased Services	370,329	424,244	424,244	0
Total Vocational	<u>469,774</u>	<u>528,543</u>	<u>528,543</u>	<u>0</u>
Total Instruction	<u>\$43,233,916</u>	<u>\$43,546,467</u>	<u>\$43,546,467</u>	<u>\$0</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Support Services:				
Pupils:				
Salaries and Wages	\$3,421,607	\$3,465,964	\$3,465,964	\$0
Fringe Benefits	970,807	970,303	970,303	0
Purchased Services	773,260	734,928	734,928	0
Materials and Supplies	92,277	60,716	60,716	0
Capital Outlay - New	18,733	17,520	17,520	0
Capital Outlay - Replacement	2,215	2,567	2,567	0
Other	490	670	670	0
Total Pupils	<u>5,279,389</u>	<u>5,252,668</u>	<u>5,252,668</u>	<u>0</u>
Instructional Staff:				
Salaries and Wages	2,427,805	2,348,162	2,348,162	0
Fringe Benefits	1,145,346	1,166,417	1,166,417	0
Purchased Services	153,140	136,843	136,843	0
Materials and Supplies	145,437	163,318	163,318	0
Capital Outlay - New	120,920	155,443	155,443	0
Capital Outlay - Replacement	16,185	4,452	4,452	0
Other	6,642	4,663	4,663	0
Total Instructional Staff	<u>4,015,475</u>	<u>3,979,298</u>	<u>3,979,298</u>	<u>0</u>
Board of Education:				
Purchased Services	3,345	3,174	3,174	0
Materials and Supplies	284	295	295	0
Other	77,294	9,500	9,500	0
Total Board of Education	<u>80,923</u>	<u>12,969</u>	<u>12,969</u>	<u>0</u>
Administration:				
Salaries and Wages	3,855,652	3,863,227	3,863,227	0
Fringe Benefits	1,477,444	1,479,565	1,479,565	0
Purchased Services	714,500	719,875	719,875	0
Materials and Supplies	208,676	219,669	219,669	0
Capital Outlay - New	49,956	36,582	36,582	0
Capital Outlay - Replacement	12,547	14,057	14,057	0
Other	12,395	21,232	21,232	0
Total Administration	<u>6,331,170</u>	<u>6,354,207</u>	<u>6,354,207</u>	<u>0</u>
Fiscal:				
Salaries and Wages and Wages	549,862	526,756	526,756	0
Fringe Benefits	462,489	463,466	463,092	374
Purchased Services	231,106	216,103	216,103	0
Materials and Supplies	71,903	36,853	36,853	0
Capital Outlay - New	7,135	985	985	0
Capital Outlay - Replacement	1,465	0	0	0
Other	879,958	893,686	893,686	0
Total Fiscal	<u>\$2,203,918</u>	<u>\$2,137,849</u>	<u>\$2,137,475</u>	<u>\$374</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries and Wages	\$379,486	\$362,332	\$362,332	\$0
Fringe Benefits	149,313	159,839	159,839	0
Purchased Services	176,594	186,628	186,628	0
Materials and Supplies	115,015	119,830	119,830	0
Capital Outlay - New	6,809	10,684	10,684	0
Capital Outlay - Replacement	7,803	2,054	2,054	0
Other	5,493	62,259	62,259	0
Total Business	840,513	903,626	903,626	0
Operation and Maintenance of Plant:				
Salaries and Wages	5,166,770	5,119,967	5,119,967	0
Fringe Benefits	2,071,172	2,091,829	2,091,829	0
Purchased Services	2,117,502	1,917,636	1,917,636	0
Materials and Supplies	565,314	587,610	587,610	0
Capital Outlay - New	26,358	28,125	28,125	0
Capital Outlay - Replacement	24,123	53,572	53,572	0
Other	5,393	9,369	9,369	0
Total Operation and Maintenance of Plant	9,976,632	9,808,108	9,808,108	0
Pupil Transportation:				
Salaries and Wages	1,798,611	1,842,912	1,842,912	0
Fringe Benefits	532,160	567,188	567,188	0
Purchased Services	1,616,577	1,586,753	1,586,753	0
Materials and Supplies	220,179	229,017	229,017	0
Capital Outlay - New	6,074	1,940	1,940	0
Capital Outlay - Replacement	1,700	1,455	1,455	0
Other	1,151	1,389	1,389	0
Total Pupil Transportation	4,176,452	4,230,654	4,230,654	0
Central:				
Salaries and Wages	728,154	732,875	732,875	0
Fringe Benefits	351,257	352,723	352,723	0
Purchased Services	303,131	307,489	307,489	0
Materials and Supplies	104,293	84,668	84,668	0
Capital Outlay - New	15,676	15,837	15,837	0
Capital Outlay - Replacement	2,350	1,122	1,122	0
Other	1,993	1,565	1,565	0
Total Central	1,506,854	1,496,279	1,496,279	0
Total Support Services	\$34,411,326	\$34,175,658	\$34,175,284	\$374

(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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Operation of Non-Instructional Services:				
Salaries and Wages	\$35,946	\$8,118	\$8,118	\$0
Fringe Benefits	11,444	2,272	2,272	0
Purchased Services	47,462	45,864	45,864	0
Materials and Supplies	1,428	601	601	0
Total Operation of Non-Instructional Services	96,280	56,855	56,855	0
Extracurricular Activities:				
Academic and Subject Oriented Activities:				
Salaries and Wages	175,521	181,079	181,079	0
Fringe Benefits	56,322	60,044	60,044	0
Purchased Services	5,500	8,856	8,856	0
Materials and Supplies	15,166	6,127	6,127	0
Capital Outlay - New	539	0	0	0
Total Academic and Subject Oriented Activities	253,048	256,106	256,106	0
Occupational Oriented Activities:				
Salaries and Wages	5,900	6,078	6,078	0
Fringe Benefits	1,642	1,736	1,736	0
Total Occupational Oriented Activities	7,542	7,814	7,814	0
Sports Oriented Activities:				
Salaries and Wages	456,385	438,905	438,905	0
Fringe Benefits	115,040	106,712	106,712	0
Purchased Services	41,097	40,714	40,714	0
Materials and Supplies	17,795	4,797	4,797	0
Total Sports Oriented Activities	630,317	591,128	591,128	0
School and Public Service				
Co-Curricular Activities:				
Salaries and Wages	50,353	48,204	48,204	0
Fringe Benefits	14,977	15,527	15,527	0
Total School and Public Service				
Co-Curricular Activities	65,330	63,731	63,731	0
Total Extracurricular Activities	956,237	918,779	918,779	0
Total Expenditures	78,697,759	78,697,759	78,697,385	374
Excess of Revenues Under Expenditures	(\$1,378,926)	(\$3,667,647)	(\$705,848)	\$2,961,799

(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, 2005

	<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	(\$281,912)	(\$281,912)	(\$281,912)	\$0
<i>Net Change in Fund Balance</i>	(1,660,838)	(3,949,559)	(987,760)	2,961,799
<i>Fund Balance Beginning of Year</i>	10,600,738	10,600,738	10,600,738	0
Prior Year Encumbrances Appropriated	2,072,160	2,072,160	2,072,160	0
<i>Fund Balance End of Year</i>	<u>\$11,012,060</u>	<u>\$8,723,339</u>	<u>\$11,685,138</u>	<u>\$2,961,799</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$300,000	\$236,750	\$519,804	\$283,054
Interest	20,000	10,000	102,531	92,531
Rentals	100,000	100,000	100,000	0
Contributions and Donations	30,000	30,000	34,282	4,282
Miscellaneous	50,000	0	48,096	48,096
<i>Total Revenues</i>	<u>500,000</u>	<u>376,750</u>	<u>804,713</u>	<u>427,963</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Capital Outlay - New	65,673	156,140	156,140	0
Support Services:				
Instructional Staff:				
Capital Outlay	8,937	21,248	21,248	0
Business:				
Capital Outlay	244	578	578	0
Operation and Maintenance of Plant:				
Purchased Services	1,060,092	2,520,403	2,435,526	84,877
Materials and Supplies	50,250	119,473	119,473	0
Capital Outlay	122,522	291,300	244,793	46,507
Capital Outlay - Replacement	33,162	78,846	78,846	0
Total Operation and Maintenance of Plant	<u>1,266,026</u>	<u>3,010,022</u>	<u>2,878,638</u>	<u>131,384</u>
Pupil Transportation:				
Capital Outlay - Replacement	110,990	263,882	234,345	29,537
Total Support Services	<u>1,386,197</u>	<u>3,295,730</u>	<u>3,134,809</u>	<u>160,921</u>
Debt Service:				
Principal Retirement	0	3,000,000	3,000,000	0
Interest and Fiscal Charges	0	36,750	36,750	0
Total Debt Service	<u>0</u>	<u>3,036,750</u>	<u>3,036,750</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,451,870</u>	<u>6,488,620</u>	<u>6,327,699</u>	<u>160,921</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(951,870)</u>	<u>(6,111,870)</u>	<u>(5,522,986)</u>	<u>588,884</u>
Other Financing Sources				
General Obligation Bonds Issued	1,740,000	1,740,000	9,999,995	8,259,995
Notes Issued	720,000	3,720,000	3,720,000	0
Total Other Financing Sources	<u>2,460,000</u>	<u>5,460,000</u>	<u>13,719,995</u>	<u>8,259,995</u>
<i>Net Change in Fund Balance</i>	1,508,130	(651,870)	8,197,009	8,848,879
<i>Fund Balance Beginning of Year</i>	416,890	416,890	416,890	0
Prior Year Encumbrances Appropriated	451,870	451,870	451,870	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$2,376,890</u>	<u>\$216,890</u>	<u>\$9,065,769</u>	<u>\$8,848,879</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$3,000	\$3,000	\$2,208	(\$792)
Tuition and Fees	10,000	10,000	1,775	(8,225)
Extracurricular Activities	300,000	300,000	99,133	(200,867)
Contributions and Donations	10,000	10,000	32,718	22,718
Miscellaneous	27,000	27,000	115,640	88,640
<i>Total Revenues</i>	<u>350,000</u>	<u>350,000</u>	<u>251,474</u>	<u>(98,526)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	91,439	91,439	57,400	34,039
Materials and Supplies	43,732	43,732	25,713	18,019
Capital Outlay - New	12,774	12,774	0	12,774
Other	39,483	39,483	10,521	28,962
Total Instruction	<u>187,428</u>	<u>187,428</u>	<u>93,634</u>	<u>93,794</u>
Support Services:				
Instructional Staff:				
Materials and Supplies	750	750	0	750
Other	250	250	0	250
Total Support Services	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Extracurricular Activities:				
Academic Oriented Activities:				
Purchased Services	107,867	107,867	107,688	179
Materials and Supplies	36,571	36,571	28,306	8,265
Other	4,625	4,625	2,225	2,400
Total Academic Oriented Activities	<u>149,063</u>	<u>149,063</u>	<u>138,219</u>	<u>10,844</u>
Public Service Oriented Activities:				
Purchased Services	400	400	226	174
Materials and Supplies	850	850	330	520
Other	300	300	0	300
Total Public Service Oriented Activities	<u>1,550</u>	<u>1,550</u>	<u>556</u>	<u>994</u>
Total Extracurricular Activities	<u>150,613</u>	<u>150,613</u>	<u>138,775</u>	<u>11,838</u>
Total Expenditures	<u>339,041</u>	<u>339,041</u>	<u>232,409</u>	<u>106,632</u>
<i>Net Change in Fund Balance</i>	10,959	10,959	19,065	8,106
<i>Fund Balance Beginning of Year</i>	50,037	50,037	50,037	0
Prior Year Encumbrances Appropriated	9,041	9,041	9,041	0
Fund Balance End of Year	<u>\$70,037</u>	<u>\$70,037</u>	<u>\$78,143</u>	<u>\$8,106</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,000	\$2,000	\$19	(\$1,981)
Miscellaneous	17,000	17,000	6,931	(10,069)
<i>Total Revenues</i>	<u>19,000</u>	<u>19,000</u>	<u>6,950</u>	<u>(12,050)</u>
Expenditures				
Current:				
Support Services:				
Business:				
Materials and Supplies	14,600	14,600	8,276	6,324
Other	400	400	400	0
<i>Total Expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>8,676</u>	<u>6,324</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	4,000	4,000	(1,726)	(5,726)
Other Financing Sources				
Transfers In	1,000	1,000	1,700	700
<i>Net Change in Fund Balance</i>	5,000	5,000	(26)	(5,026)
<i>Fund Balance Beginning of Year</i>	115	115	115	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$5,115</u>	<u>\$5,115</u>	<u>\$89</u>	<u>(\$5,026)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Extracurricular Activities	\$260,000	\$260,000	\$126,478	(\$133,522)
Contributions and Donations	20,000	20,000	6,356	(13,644)
Miscellaneous	20,000	20,000	0	(20,000)
<i>Total Revenues</i>	<u>300,000</u>	<u>300,000</u>	<u>132,834</u>	<u>(167,166)</u>
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Salaries and Wages	8,975	8,975	5,675	3,300
Fringe Benefits	934	934	934	0
Total Support Services	<u>9,909</u>	<u>9,909</u>	<u>6,609</u>	<u>3,300</u>
Extracurricular Activities:				
Sports Oriented Activities:				
Salaries and Wages	15,458	15,458	8,082	7,376
Fringe Benefits	2,367	2,367	2,367	0
Purchased Services	147,027	147,027	96,654	50,373
Materials and Supplies	167,275	167,275	107,870	59,405
Capital Outlay - New	38,993	38,993	13,913	25,080
Other	54,340	54,340	33,220	21,120
Total Extracurricular Activities	<u>425,460</u>	<u>425,460</u>	<u>262,106</u>	<u>163,354</u>
<i>Total Expenditures</i>	<u>435,369</u>	<u>435,369</u>	<u>268,715</u>	<u>166,654</u>
<i>Excess of Revenues Under Expenditures</i>	(135,369)	(135,369)	(135,881)	(512)
Other Financing Sources				
Transfers In	150,000	150,000	120,000	(30,000)
<i>Net Change in Fund Balance</i>	14,631	14,631	(15,881)	(30,512)
<i>Fund Balance Beginning of Year</i>	29,783	29,783	29,783	0
Prior Year Encumbrances Appropriated	15,369	15,369	15,369	0
<i>Fund Balance End of Year</i>	<u>\$59,783</u>	<u>\$59,783</u>	<u>\$29,271</u>	<u>(\$30,512)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,446,000	\$1,446,000	\$1,167,652	(\$278,348)
Interest	4,000	4,000	4,689	689
<i>Total Revenues</i>	<u>1,450,000</u>	<u>1,450,000</u>	<u>1,172,341</u>	<u>(277,659)</u>
Expenditures				
Operation of Non-Instructional Services:				
Community Services:				
Salaries and Wages	540,266	599,923	503,658	96,265
Fringe Benefits	136,910	152,028	136,757	15,271
Purchased Services	277,767	308,434	304,394	4,040
Materials and Supplies	102,277	113,571	113,428	143
Capital Outlay - New	260,825	289,626	289,626	0
<i>Total Expenditures</i>	<u>1,318,045</u>	<u>1,463,582</u>	<u>1,347,863</u>	<u>115,719</u>
<i>Net Change in Fund Balance</i>	131,955	(13,582)	(175,522)	(161,940)
<i>Fund Balance Beginning of Year</i>	173,197	173,197	173,197	0
Prior Year Encumbrances Appropriated	118,045	118,045	118,045	0
<i>Fund Balance End of Year</i>	<u>\$423,197</u>	<u>\$277,660</u>	<u>\$115,720</u>	<u>(\$161,940)</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$18,763	\$18,763	\$0
Expenditures:				
Current:				
Support Services:				
Fiscal:				
Purchased Services	4,858	3,646	3,646	0
Central:				
Salaries and Wages	20,142	15,117	15,117	0
<i>Total Expenditures</i>	25,000	18,763	18,763	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>	\$0	\$0	\$0	\$0

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$15,000	\$29,490	\$29,490	\$0
Expenditures:				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	1,000	6,000	6,000	0
Fringe Benefits	410	600	600	0
Purchased Services	0	0	0	0
Materials and Supplies	4,000	4,347	4,163	184
Total Pupils	5,410	10,947	10,763	184
Instructional Staff:				
Salaries and Wages	2,450	9,270	9,270	0
Fringe Benefits	1,000	1,483	1,483	0
Purchased Services	2,000	2,125	2,125	0
Materials and Supplies	2,000	2,579	2,579	0
Total Instructional Staff	7,450	15,457	15,457	0
Administration:				
Salaries and Wages	407	1,300	900	400
Fringe Benefits	390	390	0	390
Purchased Services	100	100	0	100
Materials and Supplies	200	200	200	0
Total Administration	1,097	1,990	1,100	890
Central:				
Materials and Supplies	1,043	1,043	1,043	0
Total Support Services	15,000	29,437	28,363	1,074
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	2,200	2,253	2,253	0
Total Expenditures	17,200	31,690	30,616	1,074
Net Change in Fund Balance	(2,200)	(2,200)	(1,126)	1,074
Fund Balance Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	2,200	2,200	2,200	0
Fund Balance End of Year	\$0	\$0	\$1,074	\$1,074

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$126,113	\$108,377	\$108,377	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	120,000	108,377	108,377	0
<i>Net Change in Fund Balance</i>	6,113	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$6,113</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$30,000	\$24,000	\$24,000	\$0
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	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
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Professional Development Grant
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$5,000	\$4,140	\$4,140	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff:				
Fringe Benefits	3,000	2,625	2,625	0
Purchased Services	2,000	1,515	1,515	0
<i>Total Expenditures</i>	<u>5,000</u>	<u>4,140</u>	<u>4,140</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance 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
Ohio Reads Community Grant
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$20,500	\$20,500	\$20,500	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	6,000	6,000	6,000	0
Materials and Supplies	10,500	10,500	10,500	0
Total Instruction	16,500	16,500	16,500	0
Support Services:				
Instructional Staff:				
Salaries and Wages	4,000	4,000	4,000	0
<i>Total Expenditures</i>	20,500	20,500	20,500	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>	\$0	\$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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$75,000	\$97,991	\$97,990	(\$1)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	12,551	17,393	17,393	0
Special:				
Salaries and Wages	57,000	70,220	64,882	5,338
Fringe Benefits	14,250	16,750	14,643	2,107
Total Special	71,250	86,970	79,525	7,445
Total Instruction	83,801	104,363	96,918	7,445
Support Services:				
Instructional Staff:				
Purchased Services	1,850	1,120	1,120	0
Materials and Supplies	5,826	8,985	8,985	0
Total Instructional Staff	7,676	10,105	10,105	0
Fiscal:				
Other	2,456	2,456	2,456	0
Total Support Services	10,132	12,561	12,561	0
<i>Total Expenditures</i>	93,933	116,924	109,479	7,445
<i>Net Change in Fund Balance</i>	(18,933)	(18,933)	(11,489)	7,444
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	18,933	18,933	18,933	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$7,444	\$7,444

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$65,000	\$64,020	\$64,020	\$0
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	<u>65,000</u>	<u>64,020</u>	<u>64,020</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	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>\$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
Goals 2000 Pacesetter
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$73,387	\$69,719	\$59,884	(\$9,835)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	15,666	0	0	0
Fringe Benefits	2,976	0	0	0
Purchased Services	9,251	935	225	710
Materials and Supplies	9,790	903	0	903
Total Instruction	37,683	1,838	225	1,613
Support Services:				
Instructional Staff:				
Salaries and Wages	27,610	40,450	38,261	2,189
Fringe Benefits	4,075	7,112	7,112	0
Purchased Services	5,379	7,378	7,378	0
Materials and Supplies	8,396	12,862	12,860	2
Total Support Services	45,460	67,802	65,611	2,191
<i>Total Expenditures</i>	83,143	69,640	65,836	3,804
<i>Net Change in Fund Balance</i>	(9,756)	79	(5,952)	(6,031)
<i>Fund Balance Beginning of Year</i>	1,613	1,613	1,613	0
Prior Year Encumbrances Appropriated	8,143	8,143	8,143	0
<i>Fund Balance End of Year</i>	\$0	\$9,835	\$3,804	(\$6,031)

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,408,095	\$1,325,622	\$1,002,434	(\$323,188)
Expenditures				
Current:				
Instruction:				
Special:				
Purchased Services	5,000	5,000	5,000	0
Materials and Supplies	5,000	5,000	4,999	1
Capital Outlay - New	40,000	40,000	40,000	0
Total Instruction	50,000	50,000	49,999	1
Support Services:				
Instructional Staff:				
Salaries and Wages	905,028	884,192	728,968	155,224
Fringe Benefits	349,152	398,975	339,151	59,824
Total Instructional Staff	1,254,180	1,283,167	1,068,119	215,048
Fiscal:				
Other	30,847	0	0	0
Total Support Services	1,285,027	1,283,167	1,068,119	215,048
<i>Total Expenditures</i>	<u>1,335,027</u>	<u>1,333,167</u>	<u>1,118,118</u>	<u>215,049</u>
<i>Net Change in Fund Balance</i>	73,068	(7,545)	(115,684)	(108,139)
<i>Fund Balance Beginning of Year</i>	3,676	3,676	3,676	0
Prior Year Encumbrances Appropriated	115,027	115,027	115,027	0
<i>Fund Balance End of Year</i>	<u>\$191,771</u>	<u>\$111,158</u>	<u>\$3,019</u>	<u>(\$108,139)</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$34,909	\$36,753	\$24,444	(\$12,309)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	21,450	21,499	14,999	6,500
Fringe Benefits	4,449	6,449	3,734	2,715
Materials and Supplies	6,501	6,503	4,173	2,330
Total Instruction	32,400	34,451	22,906	11,545
Support Services:				
Instructional Staff:				
Purchased Services	1,722	1,515	271	1,244
Materials and Supplies	500	500	0	500
Total Instructional Staff	2,222	2,015	271	1,744
Fiscal:				
Other	585	585	0	585
Total Support Services	2,807	2,600	271	2,329
<i>Total Expenditures</i>	35,207	37,051	23,177	13,874
<i>Net Change in Fund Balance</i>	(298)	(298)	1,267	1,565
<i>Fund Balance Beginning of Year</i>	91	91	91	0
<i>Prior Year Encumbrances Appropriated</i>	207	207	207	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$1,565	\$1,565

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$620,683	\$697,664	\$431,877	(\$265,787)
Expenditures				
Current:				
Instruction:				
Special:				
Salaries and Wages	527,845	565,003	452,440	112,563
Fringe Benefits	149,066	196,890	169,189	27,701
Materials and Supplies	24,268	23,591	8,347	15,244
Capital Outlay - New	31,550	31,550	11,550	20,000
Total Instruction	<u>732,729</u>	<u>817,034</u>	<u>641,526</u>	<u>175,508</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	35,000	35,000	0	35,000
Fringe Benefits	12,000	12,000	0	12,000
Purchased Services	32,855	32,854	17,183	15,671
Materials and Supplies	15,500	8,177	1,364	6,813
Total Instructional Staff	<u>95,355</u>	<u>88,031</u>	<u>18,547</u>	<u>69,484</u>
Fiscal:				
Other	15,138	15,138	0	15,138
Total Support Services	<u>110,493</u>	<u>103,169</u>	<u>18,547</u>	<u>84,622</u>
Operation of Non-Instructional Services:				
Community Service Operations:				
Purchased Services	6,732	6,732	0	6,732
Total Expenditures	<u>849,954</u>	<u>926,935</u>	<u>660,073</u>	<u>266,862</u>
Net Change in Fund Balance	(229,271)	(229,271)	(228,196)	1,075
Fund Balance Beginning of Year	54,316	54,316	54,316	0
Prior Year Encumbrances Appropriated	174,956	174,956	174,956	0
Fund Balance End of Year	<u>\$1</u>	<u>\$1</u>	<u>\$1,076</u>	<u>\$1,075</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,523	\$32,114	\$20,795	(\$11,319)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	11,104	11,104	10,127	977
Support Services:				
Instructional Staff:				
Salaries and Wages	10,000	10,000	10,000	0
Fringe Benefits	3,000	3,000	3,000	0
Materials and Supplies	3,378	4,327	726	3,601
Total Instructional Staff	16,378	17,327	13,726	3,601
Fiscal:				
Other	325	325	0	325
Total Support Services	16,703	17,652	13,726	3,926
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	8,289	7,842	1,096	6,746
Materials and Supplies	3,497	9,586	9,349	237
Total Operation of Non-Instructional Services	11,786	17,428	10,445	6,983
<i>Total Expenditures</i>	39,593	46,184	34,298	11,886
<i>Net Change in Fund Balance</i>	(14,070)	(14,070)	(13,503)	567
<i>Fund Balance Beginning of Year</i>	9,477	9,477	9,477	0
Prior Year Encumbrances Appropriated	4,593	4,593	4,593	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$567	\$567

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$26,396	\$28,842	\$18,401	(\$10,441)
Expenditures				
Current:				
Support Services:				
Pupils:				
Salaries and Wages	11,727	16,201	11,664	4,537
Fringe Benefits	4,500	4,500	3,665	835
Total Pupils	16,227	20,701	15,329	5,372
Instructional Staff:				
Purchased Services	2,003	800	0	800
Materials and Supplies	1,200	1,200	549	651
Capital Outlay - New	825	0	0	0
Total Instructional Staff	4,028	2,000	549	1,451
Fiscal:				
Other	488	488	0	488
Total Support Services	20,743	23,189	15,878	7,311
Operation of Non-Instructional Services:				
Community Service Operations:				
Purchased Services	12,043	12,043	6,814	5,229
<i>Total Expenditures</i>	32,786	35,232	22,692	12,540
<i>Net Change in Fund Balance</i>	(6,390)	(6,390)	(4,291)	2,099
<i>Fund Balance Beginning of Year</i>	3,604	3,604	3,604	0
<i>Prior Year Encumbrances Appropriated</i>	2,786	2,786	2,786	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,099</u>	<u>\$2,099</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,000	\$26,408	\$22,325	(\$4,083)
Expenditures				
Current:				
Instruction:				
Special:				
Capital Outlay - New	1,800	1,800	1,800	0
Support Services:				
Instructional Staff:				
Salaries and Wages	20,805	21,248	17,115	4,133
Fringe Benefits	2,395	3,360	3,360	0
Total Support Services	23,200	24,608	20,475	4,133
<i>Total Expenditures</i>	25,000	26,408	22,275	4,133
<i>Net Change in Fund Balance</i>	0	0	50	50
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Prior Year Encumbrances Appropriated</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$50	\$50

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$60,000	\$55,378	\$55,378	\$0
Expenditures				
Current:				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	60,000	55,378	55,378	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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$161,096	\$164,504	\$100,399	(\$64,105)
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	42,000	42,000	38,067	3,933
Fringe Benefits	12,600	12,599	11,778	821
Total Instruction	54,600	54,599	49,845	4,754
Support Services:				
Instructional Staff:				
Salaries and Wages	45,000	45,000	38,276	6,724
Fringe Benefits	13,499	13,499	11,071	2,428
Purchased Services	35,141	35,141	18,578	16,563
Materials and Supplies	18,624	18,935	1,325	17,610
Total Instructional Staff	112,264	112,575	69,250	43,325
Fiscal Services:				
Other	2,600	2,600	0	2,600
Total Support Services	114,864	115,175	69,250	45,925
Operation of Non-Instructional Services:				
Community Service Operations:				
Purchased Services	20,326	23,424	6,873	16,551
<i>Total Expenditures</i>	189,790	193,198	125,968	67,230
<i>Net Change in Fund Balance</i>	(28,694)	(28,694)	(25,569)	3,125
<i>Fund Balance Beginning of Year</i>	13,904	13,904	13,904	0
Prior Year Encumbrances Appropriated	14,790	14,790	14,790	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$3,125	\$3,125

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$38,298	\$32,715	\$23,982	(\$8,733)
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	20,000	22,338	22,218	120
Materials and Supplies	6,000	8,315	6,219	2,096
Capital Outlay - New	8,266	3,000	3,000	0
Total Instruction	34,266	33,653	31,437	2,216
Support Services:				
Instructional Staff:				
Salaries and Wages	4,413	4,305	4,305	0
Fringe Benefits	600	0	0	0
Materials and Supplies	724	0	0	0
Total Instructional Staff	5,737	4,305	4,305	0
Fiscal:				
Other	65	0	0	0
Total Support Services	5,802	4,305	4,305	0
Operation of Non-Instructional Services:				
Community Services:				
Purchased Services	10,844	7,371	485	6,886
<i>Total Expenditures</i>	50,912	45,329	36,227	9,102
<i>Net Change in Fund Balance</i>	(12,614)	(12,614)	(12,245)	369
<i>Fund Balance Beginning of Year</i>	11,702	11,702	11,702	0
<i>Prior Year Encumbrances Appropriated</i>	912	912	912	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$369	\$369

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,044,250	\$959,000	\$793,978	(\$165,022)
Operating Grants	240,000	320,000	371,771	51,771
Interest	750	1,000	1,994	994
Miscellaneous	15,000	20,000	10,956	(9,044)
<i>Total Revenues</i>	1,300,000	1,300,000	1,178,699	(121,301)
Expenditures				
Current:				
Support Services:				
Pupils				
Salaries and Wages	50,042	50,042	50,042	0
Fringe Benefits	8,280	8,280	8,280	0
<i>Total Support Services</i>	58,322	58,322	58,322	0
Operation of Non-Instructional Services:				
Food Service Operations:				
Salaries and Wages	322,116	322,115	322,115	0
Fringe Benefits	137,714	137,714	137,714	0
Purchased Services	14,482	14,482	14,481	1
Materials and Supplies	653,149	653,150	601,833	51,317
Capital Outlay - New	381	381	381	0
Capital Outlay - Replacement	473	473	473	0
Other	33,897	33,897	33,897	0
<i>Total Expenditures</i>	1,220,534	1,220,534	1,169,216	51,318
<i>Net Change in Fund Balance</i>	79,466	79,466	9,483	(69,983)
<i>Fund Balance Beginning of Year</i>	25,708	25,708	25,708	0
Prior Year Encumbrances Appropriated	20,534	20,534	20,534	0
<i>Fund Balance End of Year</i>	\$125,708	\$125,708	\$55,725	(\$69,983)

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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$125,000	\$125,000	\$73,849	(\$51,151)
Expenditures				
Current:				
Instruction:				
Regular:				
Purchased Services	131	131	131	\$0
Materials and Supplies	96,079	96,079	64,402	31,677
<i>Total Expenditures</i>	<u>96,210</u>	<u>96,210</u>	<u>64,533</u>	<u>31,677</u>
<i>Net Change in Fund Balance</i>	28,790	28,790	9,316	(19,474)
<i>Fund Balance Beginning of Year</i>	16,754	16,754	16,754	0
Prior Year Encumbrances Appropriated	<u>210</u>	<u>210</u>	<u>210</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$45,754</u></u>	<u><u>\$45,754</u></u>	<u><u>\$26,280</u></u>	<u><u>(\$19,474)</u></u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$70,000	\$363,000	\$188,000	(\$175,000)
Interest	0	0	4	4
Contributions and Donations	30,000	30,000	30,239	239
<i>Total Revenues</i>	<u>100,000</u>	<u>393,000</u>	<u>218,243</u>	<u>(174,757)</u>
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries and Wages	40,000	144,999	44,867	100,132
Fringe Benefits	9,200	25,342	10,110	15,232
Purchased Services	11,000	9,394	690	8,704
Materials and Supplies	2,500	3,558	2,734	824
Capital Outlay - New	26,425	77,551	76,425	1,126
Other	1,000	1,000	0	1,000
Total Instruction	<u>90,125</u>	<u>261,844</u>	<u>134,826</u>	<u>127,018</u>
Support Services:				
Pupils:				
Purchased Services	2,000	2,238	0	2,238
Materials and Supplies	2,000	2,729	0	2,729
Total Pupils	<u>4,000</u>	<u>4,967</u>	<u>0</u>	<u>4,967</u>
Instructional Staff:				
Salaries and Wages	21,034	35,000	35,000	0
Fringe Benefits	1,000	7,858	7,858	0
Purchased Services	60,549	147,140	71,809	75,331
Materials and Supplies	4,000	4,037	0	4,037
Capital Outlay - New	18,966	30,142	30,142	0
Total Instructional Staff	<u>105,549</u>	<u>224,177</u>	<u>144,809</u>	<u>79,368</u>
Fiscal:				
Capital Outlay - New	<u>2,000</u>	<u>2,258</u>	<u>0</u>	<u>2,258</u>
Central				
Purchased Services	<u>4,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Support Services	<u>115,549</u>	<u>241,402</u>	<u>154,809</u>	<u>86,593</u>
<i>Total Expenditures</i>	<u>205,674</u>	<u>503,246</u>	<u>289,635</u>	<u>213,611</u>
<i>Net Change in Fund Balance</i>	(105,674)	(110,246)	(71,392)	38,854
<i>Fund Balance Beginning of Year</i>	14,572	14,572	14,572	0
Prior Year Encumbrances Appropriated	<u>95,674</u>	<u>95,674</u>	<u>95,674</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,572</u>	<u>\$0</u>	<u>\$38,854</u>	<u>\$38,854</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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$1,599,788	\$1,707,392	\$1,761,656	\$54,264
Intergovernmental	240,000	240,000	242,293	2,293
Interest	0	0	13,350	13,350
<i>Total Revenues</i>	<u>1,839,788</u>	<u>1,947,392</u>	<u>2,017,299</u>	<u>69,907</u>
Expenditures				
Current:				
Support Services:				
Fiscal:				
Purchased Services	0	74,826	24,453	50,373
Other	25,000	27,089	27,089	0
Total Support Services	<u>25,000</u>	<u>101,915</u>	<u>51,542</u>	<u>50,373</u>
Debt Service:				
Principal Retirement	0	1,205,000	1,205,000	0
Interest and Fiscal Charges	475,000	723,530	723,530	0
Bond Issuance Costs	0	154,830	154,830	0
Total Debt Service	<u>475,000</u>	<u>2,083,360</u>	<u>2,083,360</u>	<u>0</u>
<i>Total Expenditures</i>	<u>500,000</u>	<u>2,185,275</u>	<u>2,134,902</u>	<u>50,373</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,339,788</u>	<u>(237,883)</u>	<u>(117,603)</u>	<u>120,280</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	489,788	1,324,999	835,211
Payment to Refunded Escrow Agent	(1,502,000)	(1,354,975)	(1,354,975)	0
Premium on Bonds	0	0	191,387	191,387
Transfers In	160,212	160,212	160,212	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,341,788)</u>	<u>(704,975)</u>	<u>321,623</u>	<u>1,026,598</u>
<i>Net Change in Fund Balance</i>	(2,000)	(942,858)	204,020	1,146,878
<i>Fund Balance Beginning of Year</i>	961,054	961,054	961,054	0
Prior Year Encumbrances Appropriated	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$961,054</u>	<u>\$20,196</u>	<u>\$1,167,074</u>	<u>\$1,146,878</u>

Shaker Heights City School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
School Net Plus
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$90,000	\$88,000	\$47,670	(\$40,330)
Expenditures				
Current:				
Instruction:				
Regular:				
Materials and Supplies	500	417	417	0
Capital Outlay - New	49,500	47,253	47,253	0
<i>Total Expenditures</i>	<u>50,000</u>	<u>47,670</u>	<u>47,670</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	40,000	40,330	0	(40,330)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$40,000</u></u>	<u><u>\$40,330</u></u>	<u><u>\$0</u></u>	<u><u>(\$40,330)</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$7,500,000	\$7,520,000	\$8,377,443	\$857,443
Expenses				
Purchased Services	5,146	5,146	5,146	0
Claims	7,994,854	8,194,854	8,142,328	52,526
<i>Total Expenses</i>	<u>8,000,000</u>	<u>8,200,000</u>	<u>8,147,474</u>	<u>52,526</u>
<i>Net Change in Fund Equity</i>	(500,000)	(680,000)	229,969	909,969
<i>Fund Equity Beginning of Year</i>	<u>686,432</u>	<u>686,432</u>	<u>686,432</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$186,432</u></u>	<u><u>\$6,432</u></u>	<u><u>\$916,401</u></u>	<u><u>\$909,969</u></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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$300,000	\$300,000	\$94,268	(\$205,732)
Expenses				
Claims	400,000	400,000	126,868	273,132
<i>Net Change in Fund Equity</i>	(100,000)	(100,000)	(32,600)	67,400
<i>Fund Equity Beginning of Year</i>	325,000	325,000	325,000	0
<i>Fund Equity End of Year</i>	<u>\$225,000</u>	<u>\$225,000</u>	<u>\$292,400</u>	<u>\$67,400</u>

Statistical Section

Shaker Heights City School District
*Governmental Activities Revenues by Source
and Expenses by Function
Last Three Fiscal Years (1)*

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>Program Revenues</i>			
Charges for Services	\$2,299,315	\$2,542,248	\$2,497,047
Operating Grants and Contributions	4,527,135	3,841,488	3,105,585
Capital Grants and Contributions	102,949	444,511	145,573
<i>General Revenues</i>			
Property Taxes	54,026,443	58,953,749	42,194,735
Intergovernmental	22,989,562	22,160,812	21,576,741
Interest	622,591	169,849	388,345
Unrestricted Contributions and Donations	1,225	0	0
Miscellaneous	288,250	205,201	136,845
Total	<u>\$84,857,470</u>	<u>\$88,317,858</u>	<u>\$70,044,871</u>
<i>Expenses</i>			
Current:			
Instruction:			
Regular	\$32,924,168	\$32,864,526	\$31,814,593
Special	10,647,502	10,008,927	9,238,257
Vocational	365,419	242,694	293,396
Support Services:			
Pupils	5,238,920	5,169,180	5,012,167
Instructional Staff	5,352,258	5,203,618	4,970,899
Board of Education	12,936	81,020	44,557
Administration	6,251,458	6,098,561	5,579,077
Fiscal	1,957,648	1,641,345	1,626,208
Business	899,420	636,841	667,241
Operation and Maintenance of Plant	10,369,547	10,509,814	10,329,284
Pupil Transportation	4,429,933	4,065,825	3,802,122
Central	1,537,060	1,488,606	1,655,119
Operation of Non-Instructional Services	1,057,019	1,202,617	1,317,092
Food Service Operation	1,029,189	921,209	946,834
Extracurricular Activities	1,294,801	1,332,974	1,131,817
Interest and Fiscal Charges	781,322	775,725	858,143
Total	<u>\$84,148,600</u>	<u>\$82,243,482</u>	<u>\$79,286,806</u>

Source: School District Financial Records

(1) Information based on full accrual basis. School District converted to GASB 34 in fiscal year 2003.

Shaker Heights City School District

General Fund

Revenues by Source and Expenditures by Function (1)

Last Ten Fiscal Years

	2005	2004	2003	2002
Revenues				
Property Taxes	\$51,510,932	\$55,646,222	\$39,835,873	\$54,293,414
Intergovernmental	22,768,266	21,927,411	21,288,085	21,104,292
Interest	497,815	155,601	344,970	501,808
Tuition and Fees	985,812	1,212,834	1,275,123	1,536,024
Contributions and Donations	1,225	0	0	0
Charges for Services	71,479	45,723	29,687	32,996
Rentals	46,592	6,653	98,967	43,243
Miscellaneous	106,627	114,069	92,301	71,750
Total	\$75,988,748	\$79,108,513	\$62,965,006	\$77,583,527
Expenditures				
Current:				
Instruction:				
Regular	\$32,402,437	\$30,291,990	\$29,885,136	\$27,981,773
Special	9,923,031	9,232,803	8,697,554	7,607,235
Vocational	365,264	236,759	289,951	229,153
Support Services:				
Pupils	5,260,851	5,135,806	4,758,959	4,435,831
Instructional Staff	4,070,341	3,917,587	4,039,795	3,913,078
Board of Education	12,969	80,848	44,557	71,907
Administration	6,385,450	6,082,455	5,531,587	5,296,284
Fiscal	1,952,167	1,583,831	1,584,756	1,523,559
Business	924,499	620,833	649,274	695,518
Operation and Maintenance				
of Plant	10,161,474	9,622,925	8,536,637	8,427,864
Pupil Transportation				
Central	4,372,503	3,841,783	3,659,578	3,515,732
Operation of Non-Instructional				
Services	1,512,419	1,332,852	1,408,484	1,135,390
Extracurricular Activities	50,896	87,606	195,023	83,898
Capital Outlay	942,341	966,292	859,731	825,984
Debt Service	0	0	0	0
Total	\$78,336,642	\$73,034,370	\$70,141,022	\$65,753,511

Source: School District Financial Records.

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

2001	2000	1999	1998	1997	1996
\$42,151,723	\$41,099,368	\$42,563,895	\$41,195,212	\$41,269,488	\$38,561,143
16,505,145	14,970,356	14,459,135	12,595,654	11,130,410	10,631,049
734,826	819,302	810,924	896,297	680,412	397,422
926,828	1,076,931	995,307	729,347	375,043	136,271
0	0	0	300	0	0
30,487	0	0	0	0	52,605
47,510	50,653	56,880	48,292	53,174	5,891
76,101	20,093	159,202	380,356	35,540	42,036
<u>\$60,472,620</u>	<u>\$58,036,703</u>	<u>\$59,045,343</u>	<u>\$55,845,458</u>	<u>\$53,544,067</u>	<u>\$49,826,417</u>

\$26,250,206	\$26,092,946	\$25,120,166	\$23,624,031	\$21,745,023	\$21,406,807
7,229,599	6,499,476	6,170,717	6,586,739	5,910,984	5,090,868
244,799	338,095	265,844	319,757	280,304	239,057
4,035,949	4,006,461	3,557,365	3,048,106	2,747,518	2,707,445
3,875,809	3,765,886	3,276,152	2,835,348	2,595,372	2,289,529
57,321	44,778	61,146	58,518	50,216	53,576
5,100,343	4,839,108	4,519,966	4,307,472	3,773,142	3,731,610
1,368,575	1,448,829	1,278,091	1,191,687	615,198	578,563
681,945	735,562	687,948	800,206	1,160,716	1,248,045
8,028,917	7,357,041	6,732,184	6,563,450	6,250,728	5,918,655
3,264,343	3,194,117	2,755,507	1,877,529	1,799,479	1,800,917
1,295,220	1,265,433	1,044,950	978,612	868,798	812,516
76,981	183,828	178,280	39,015	40,315	55,047
766,653	740,718	708,418	647,506	678,757	594,881
0	0	154,399	0	0	0
15,669	5,323	12,777	12,776	12,776	12,776
<u>\$62,292,329</u>	<u>\$60,517,601</u>	<u>\$56,523,910</u>	<u>\$52,890,752</u>	<u>\$48,529,326</u>	<u>\$46,540,292</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
2004	\$69,712,232	\$60,204,426	86.36%	\$2,955,133	\$63,159,559	90.60%	\$6,152,166	8.83%
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

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. 2005 information cannot be presented because all collections have not yet been made.
- (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 - 2005

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 - 2005

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
School Improvement	November 2, 2004	April 5, 2005	9,999,995

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

<u>Year</u>	<u>School Levy</u>	<u>Library</u>	<u>County Levy</u>	<u>City Levy</u>	<u>Total Levy</u>	<u>Debt Service Included in Total Levy</u>		
						<u>School</u>	<u>County</u>	<u>Total</u>
2005	\$159.20	\$4.00	\$18.30	\$9.90	191.40	\$2.47	\$0.88	3.35
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

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.

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)
	Residential / Agricultural	Commercial / Industrial / PU			
2005	\$760,446,580	\$92,028,820	\$2,435,644,000	\$17,529,940	\$19,920,386
2004(3)	766,529,040	93,225,960	2,456,442,857	17,827,640	20,548,682
2003	665,936,590	89,502,910	2,158,398,571	19,900,850	22,614,602
2002	666,253,450	92,219,710	2,167,066,171	20,101,330	22,842,420
2001(2)	665,664,730	87,362,310	2,151,505,829	24,248,080	27,554,636
2000	586,899,040	75,769,400	1,893,415,543	23,622,520	26,843,773
1999	586,802,970	76,323,060	1,894,645,800	26,011,210	29,558,193
1998(3)	587,283,980	74,688,480	1,891,349,886	26,022,220	29,570,705
1997	545,033,370	72,422,110	1,557,238,200	27,287,540	31,008,568
1996	545,012,460	70,507,360	1,557,178,457	28,203,870	32,049,852

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 various percentages of actual value.
 Capital assets for tangible personal property is assessed at twenty-five percent of actual value.
 Inventory for tangible personal property is assessed at twenty-three percent of actual value.
- (2) Sexennial reappraisal year.
- (3) Triennial update year.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Ratio
\$10,874,112	\$47,278,748	\$880,879,452	\$2,502,843,134	35%
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	697,772,960	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	1,634,745,360	40
9,938,472	39,753,888	653,662,162	1,628,982,197	40

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>
2005	\$21,246,073	\$880,879,452	29,405	2.41%	\$723
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, 2005

Assessed Valuation	<u><u>\$880,879,452</u></u>
Overall Debt Limit - 9% of Assessed Value (1)	<u>\$79,279,151</u>
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	
School Improvement Bonds	2,315,000
School Improvement Bonds	5,895,000
Energy Conservation Improvement Bonds	159,230
School Improvement Bonds	2,560,000
School Improvement Bonds	9,795,000
Building Addition Refunding Bonds	1,230,000
Refunding Capital Appreciation Bonds	115,808
Bus Acquisition Bond Anticipation Note	570,000
Less: Amount Available in Debt Service Fund	<u>(1,446,773)</u>
Total	21,193,265
Exemptions:	
Energy Conservation Improvement Bonds	(159,230)
Bus Acquisition Bond Anticipation Note	<u>(570,000)</u>
Total Exemptions	<u>(729,230)</u>
Amount of Debt Subject to the Limit	<u>20,464,035</u>
Overall Debt Margin	<u><u>\$58,815,116</u></u>
Unvoted Debt Limit - .10% of Assessed Value (1)	\$880,879
Amount of Debt Applicable	<u>(159,230)</u>
Unvoted Debt Margin	<u><u>\$721,649</u></u>
Additional Limit for Unvoted Energy Conservation Improvement Bonds:	
Debt Limit - .9% of Assessed Valuation	\$7,927,915
Energy Conservation Improvement Bonds	<u>(159,230)</u>
Additional Unvoted Debt Margin	<u><u>\$7,768,685</u></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>
2005	1,363,888	29,405	5,734	6.6%
2004	1,363,888	29,405	5,623	6.7
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

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

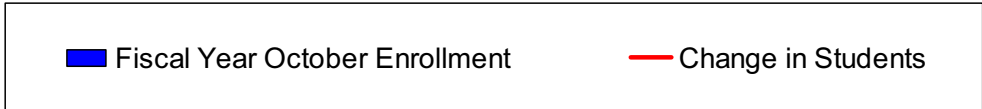
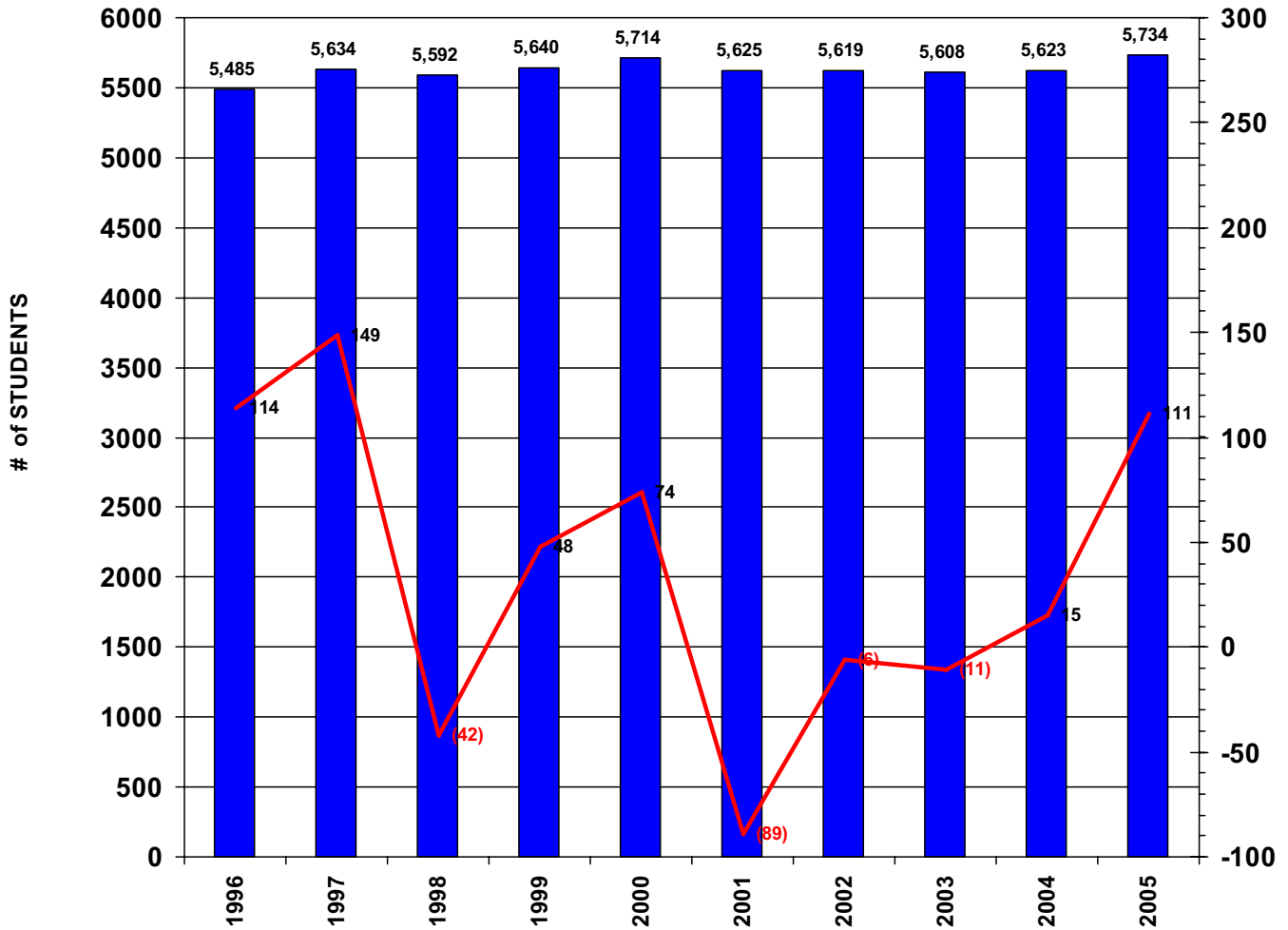
(1) Represents Cuyahoga County.

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

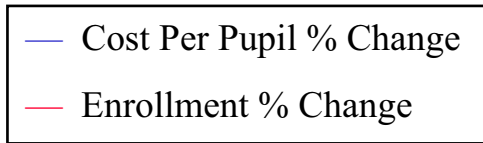
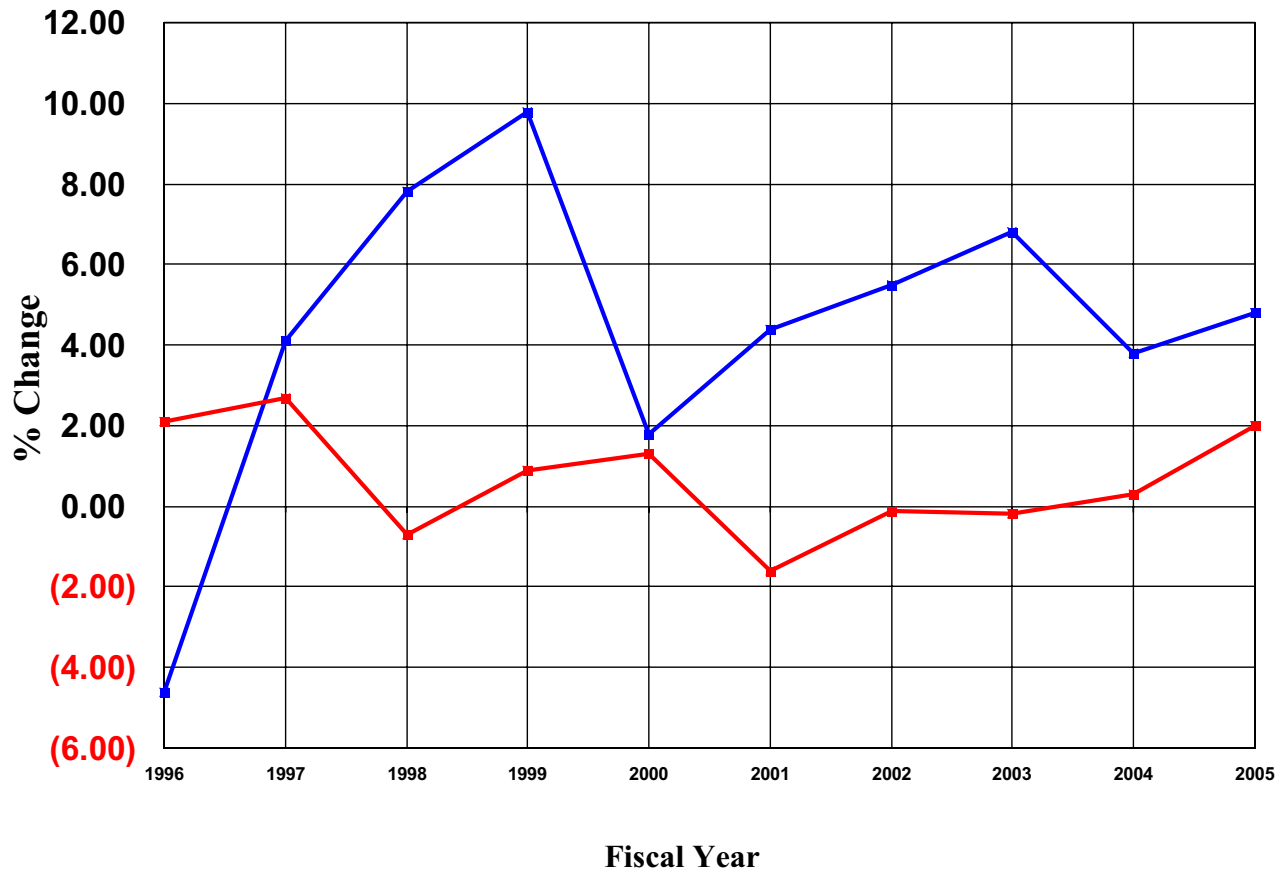
<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2005	\$78,336,642	5,734	\$13,662
2004	73,034,370	5,623	12,989
2003	70,141,022	5,608	12,507
2002	65,753,511	5,619	11,702
2001	62,292,329	5,625	11,074
2000	60,517,601	5,714	10,591
1999	56,523,910	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

Source: School District Financial Records.

SHAKER HEIGHTS CITY SCHOOL DISTRICT

COST PER PUPIL PERCENTAGE CHANGE

LAST TEN FISCAL YEARS



Shaker Heights City School District
Public, Private, and Total School Enrollment by School Year
Fiscal Years 1979 to 2005

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
2005	5,734	1,123	6,857	16.4

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 2005 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, 2004

<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	\$22,692,846	100.00%	\$22,692,846
<u>Overlapping:</u>			
Cuyahoga County	249,645,029	2.94	7,339,564
City of Shaker Heights	21,760,000	100.00	21,760,000
City of Cleveland	1,615,755,249	6.00	96,945,315
Regional Transit Authority	<u>147,025,000</u>	2.94	<u>4,322,535</u>
Total Overlapping	<u>2,034,185,278</u>		<u>130,367,414</u>
Total	<u>\$2,056,878,124</u>		<u>\$153,060,260</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 2004 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*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2005	\$1,205,000	\$760,280	\$1,965,280	\$78,336,642	2.51
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

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
2005	\$852,475,400	\$105,769,931	\$26,855,317
2004	859,755,000	97,238,973	15,419,905
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

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, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Coral Shaker Square LLC	\$4,975,340	0.65%
Tower East Operating Association	4,375,030	0.58
Shaker Towne Center LLC	3,687,780	0.48
Office Max	2,295,480	0.30
Oliver Family Limited	2,275,000	0.30
Deborah Salzberg	1,913,800	0.25
Cleveland Skating Club	1,356,270	0.18
Kirt Montlack, LTD	1,287,090	0.17
Ablon, Loretta Jeanne	1,252,880	0.16
Sunrise Shaker Heights	<u>1,239,320</u>	<u>0.16</u>
Total	<u><u>\$24,657,990</u></u>	<u><u>3.24%</u></u>
Total Real Estate Valuation	<u><u>\$760,446,580</u></u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2005 collection year.

Shaker Heights City School District

Principal Taxpayers

Tangible Personal Property Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
OfficeMax Inc.	\$2,809,310	25.83%
Qua Newco, Inc.	633,410	5.82
Adelphia of the Midwest, Inc.	537,610	4.94
Heinens Inc.	455,580	4.19
Ganley Nissan Inc.	337,710	3.11
Walgreen Company	257,440	2.37
Wide Open West Cleveland	225,190	2.07
Revco Discount Drug Inc.	211,370	1.94
Rite Aid of Ohio Incorporated	181,410	1.68
Nephrology Association	<u>179,950</u>	<u>1.66</u>
Total	<u><u>\$5,828,980</u></u>	<u><u>42.45%</u></u>
Total Tangible Assessed Valuation	<u><u>\$10,874,112</u></u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2005 collection year.

Shaker Heights City School District

Principal Taxpayers

Public Utilities Tax

December 31, 2004

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	\$6,952,810	39.66%
Ohio Bell Telephone	5,589,560	31.89
East Ohio Gas Company	1,580,560	9.02
American Transmission System	<u>691,250</u>	<u>3.94</u>
Total	<u>\$14,814,180</u>	<u>84.51%</u>
Total Public Utility Assessed Value	<u>\$17,529,940</u>	

Source: Cuyahoga County Auditor.

(1) Assessed values are for the 2005 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>
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
2005	88	2	90

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>
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
2005	34	6	2	11	2

Source: Shaker Heights City School District Records

Shaker Heights City School District

Teacher Education and Experience

June 30, 2005

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	17	3.87 %
Bachelor + 15	53	12.08
Master's Degree	155	35.31
Master's + 15	91	20.73
Master's + 30	46	10.48
Master's + 45	65	14.81
Ph.D	<u>12</u>	<u>2.73</u>
Total	<u><u>439</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	123	28.02 %
6 - 10	80	18.22
11 and Over	<u>236</u>	<u>53.76</u>
	<u><u>439</u></u>	<u><u>100.00 %</u></u>

Note: Data is the number of full and part-time teachers.

Source: School District Personnel Records

ART WORK

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 Support	Staff Support	Pupil Support	Instruction	Totals
High School							
Shaker Heights High School	1,755	\$1,976,663	\$3,835,784	\$408,085	\$3,190,802	\$13,414,141	\$22,825,475
Total High School	1,755	1,976,663	3,835,784	408,085	3,190,802	13,414,141	22,825,475
Middle School							
Shaker Heights Middle School	941	965,469	3,336,657	345,028	1,745,332	7,028,440	13,420,926
Total Middle School	941	965,469	3,336,657	345,028	1,745,332	7,028,440	13,420,926
Elementary Schools							
Boulevard Elementary School	396	344,395	1,014,679	194,616	618,996	2,543,273	4,715,959
Ferryway Elementary School	308	261,505	580,130	128,389	419,116	2,173,004	3,562,144
Lomond Elementary School	528	331,019	1,002,152	103,328	532,521	3,299,804	5,268,824
Mercer Elementary School	425	358,825	1,264,838	263,404	643,607	2,804,361	5,335,035
Onaway Elementary School	362	205,501	841,931	269,739	682,518	2,412,616	4,412,305
Sussex Elementary School	0	0	153,776	48,447	100,635	144,445	447,303
Woodbury Elementary School	825	679,802	3,214,219	264,924	1,155,008	5,936,894	11,250,847
Total Elementary Schools	2,844	2,181,047	8,071,725	1,272,847	4,152,401	19,314,397	34,992,417
School Total	5,540	5,123,179	15,244,166	2,025,960	9,088,535	39,756,978	71,238,818
Central Office	0	4,882,723	1,358,604	387,287	389,952	0	7,018,566
Expenditure Flow Model Total	5,540	\$10,005,902	\$16,602,770	\$2,413,247	\$9,478,487	\$39,756,978	\$78,257,384
Other Debt Service							6,526,627
Tuition - Other Districts							4,213,307
Non-Public							1,168,495
Rotary							9,099,448
Fiscal Agency							88,896
Other Programs							69,423
Grand Total							\$99,423,580

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

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	1,755	\$1,127	\$2,186	\$233	\$1,819	\$7,645	\$13,010
Total High School	1,755	1,127	2,186	233	1,819	7,645	13,010
Middle School							
Shaker Heights Middle School	941	1,026	3,546	367	1,855	7,469	14,263
Total Middle School	941	1,026	3,546	367	1,855	7,469	14,263
Elementary Schools							
Boulevard Elementary School	396	871	2,565	492	1,565	6,429	11,922
Ferway Elementary School	308	850	1,885	417	1,362	7,062	11,576
Lomond Elementary School	528	627	1,898	196	1,009	6,250	9,980
Mercer Elementary School	425	845	2,978	620	1,515	6,602	12,560
Onaway Elementary School	363	567	2,322	744	1,882	6,653	12,168
Woodbury Elementary School	825	824	3,894	321	1,399	7,192	13,630
Total Elementary Schools	2,845	767	2,838	448	1,460	6,791	12,304
School Total	5,540	925	2,752	366	1,641	7,177	12,861
Central Office	0	881	245	70	70	0	1,266
Grand Total	5,540 **	\$1,806 **	\$2,997 **	\$436 **	\$1,711 **	\$7,177 **	\$14,127 **

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	1,755	9%	17%	2%	14%	59%	100%
Total High School	1,755	9	17	2	14	57	99
Middle School							
Shaker Heights Middle School	941	7	25	3	13	52	100
Total Middle School	941	7	25	3	13	52	100
Elementary Schools							
Boulevard Elementary School	396	7	22	4	13	54	100
Fernway Elementary School	308	7	16	4	12	61	100
Lomond Elementary School	528	6	19	2	10	63	100
Mercer Elementary School	425	7	24	5	12	53	101
Onaway Elementary School	362	5	19	6	15	55	100
Sussex Elementary School	0	0	34	11	23	32	100
Woodbury Elementary School	825	6	29	2	10	53	100
Total Elementary Schools	2,844	6	23	4	12	55	100
School Total							
School Total	5,540	7	21	3	13	56	100
Central Office	0	70	19	6	6	0	101
Grand Total	5,540	13%	21%	3%	12%	51%	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**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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, 2005**