

The Elyria Schools
TO ENSURE THAT EACH CHILD REACHES HIS OR HER FULL POTENTIAL



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

Issued by:
Fred Stephens, Treasurer
Treasurer's Office

Elyria City School District

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Introductory Section

Elyria City School District
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2005

Table of Contents

I. Introductory Section	<u>Page</u>
Transmittal Letter.....	iv
Members of the Board of Education.....	xv
Management Team.....	xvi
Organization Chart.....	xviii
Certificate of Achievement.....	xix
II. Financial Section	
Report of Independent Accountants.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	22
Reconciliation of the Statement of Revenue, Expenditures and Changes in the Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual – General Fund.....	24
Statement of Fund Net Assets – Proprietary Funds.....	25
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds.....	27
Statement of Fiduciary Net Assets – Fiduciary Funds.....	28
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	29
Notes to the Basic Financial Statements.....	30
Combining Statements and Individual Fund Statement:	
Fund Descriptions.....	57
Combining Balance Sheet – Nonmajor Governmental Funds.....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	61
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62

Elyria City School District
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2005

Table of Contents

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	68
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	74
Combining Statement of Changes in Assets and Liabilities – All Agency Funds.....	75
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balance – Budget (Non-GAAP) and Actual:	
Uniform School Supplies Fund.....	77
Rotary Fund.....	78
Public School Support Fund.....	79
Local Grants Fund.....	80
Athletic and Music Fund.....	81
Auxiliary Services Fund.....	82
Educational Management Information Systems Fund.....	83
Public School Preschool Fund.....	84
Entry Year Teacher Fund.....	85
Disadvantaged Pupil Impact Aid Fund.....	86
Data Communication Fund.....	87
SchoolNet Professional Development Fund.....	88
Ohio Reads Grants Fund.....	89
Summer School Fund.....	90
Alternative School Fund.....	91
Miscellaneous State Grants Fund.....	92
Adult Basic Education Fund.....	93
Title VI-B Fund.....	94
Limited English Proficiency Fund.....	95
Title I Fund.....	96
Title VI Fund.....	97
Drug Free School Grant Fund.....	98
Preschool Handicapped Grant Fund.....	99
Class Size Reduction Fund.....	100
Miscellaneous Federal Grants Fund.....	101
Bond Retirement Fund.....	102
Permanent Improvement Fund.....	103
Capital Building Fund.....	104
SchoolNet Plus Fund.....	105
Federal Emergency Repair Program Fund.....	106
Lunchroom/Cafeteria Fund.....	107
Self-Insurance Fund.....	108
Scholarship Trust Fund.....	109

Elyria City School District
Comprehensive Annual Financial Report
For the Year Ended June 30, 2005

Table of Contents

III. Statistical Section

General Governmental Revenues by Source and Expense/Expenditures	
By Function – Last Ten Fiscal Years.....	110
Property Tax Levies and Collections – Last Ten Years.....	112
Assessed and Estimated Actual Value of Taxable Property – Last Ten Years.....	113
Property Tax Rate – Direct and Overlapping Governments – Last Ten Years.....	114
Ratio of Net Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Years.....	115
Computation of Direct and Overlapping General Obligation Bonded Debt.....	116
Computation of Legal Debt Margin.....	117
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Governmental Fund Expenditures – Last Ten Fiscal Years.....	118
Demographic Statistics – Last Ten Years.....	119
Financial Institution Deposits, Property Value and New Construction – Last Ten Years.....	120
Principal Taxpayers:	
Real Property Tax.....	121
Tangible Personal Property Tax.....	122
Miscellaneous Statistics.....	123
Teacher Education and Experience.....	124

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Dear Members of the Board of Education and Citizens of the Elyria City School Community:

As the Superintendent and Treasurer of the Elyria City School District (the District), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the District. This CAFR for the year ended June 30, 2005 is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) statement Number 34 using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report ("CAFR") is presented in three sections: introductory, financial and statistical.

- The introductory section includes the table of contents, this transmittal letter, Board of Education members and elected officials, the District's organizational chart and a list of its appointed officials.
- The financial section which begins with the report of independent accountants and includes the management's discussion and analysis, the basic financial statements and notes provide an overview of the District's financial position and operating results, and combining statements by fund type, and other statements that provide detailed information relative to the basic financial statements.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District provides a full range of educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels, and a broad range of co-curricular and extracurricular activities, adult and community education offerings, and special education services. Elyria High School Juniors and seniors attend the Lorain County Joint Vocational School for vocational training classes and eligible High School students attend Lorain County Community College located in the city of Elyria, under the post-secondary school enrollment option and the new Early College Program. In addition, the District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations and the vocational school operations do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

GENERAL INFORMATION CONCERNING THE BOARD AND THE DISTRICT

The Reporting Entity

The District has reviewed its reporting entity definition in order to ensure 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 Elyria City School District (the primary government) and its potential component units.

Numerous entities operate within the District's geographical boundaries. These entities have been excluded from the accompanying financial statements because the District cannot legally access their resources, the District has no obligation to finance deficits or provide financial support to them and the District is not obligated for their debts.

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

The Board of Education and the Administration

The Board of Education of the Elyria City School District (the "Board") is a political and corporate body charged with the responsibility of managing and controlling affairs of the District and, together with the District, is governed by the general laws of the State of Ohio as set forth in the Ohio Revised Code. The Board is comprised of five members who are elected for overlapping four-year terms.

The Superintendent of Schools (the "Superintendent"), appointed by the Board for a term not longer than five years, is the chief executive officer of the District and has the responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the Board. The current Superintendent, Dr. Roger J. Lulow, has been Interim Superintendent since August 1, 2004. On August 1, 2005 the Board hired Mr. Paul Rigda as the Superintendent.

The Treasurer is the Chief Financial Officer of the Board and the District and is, pursuant to statutory requirements, appointed by the Board for a four-year term (following a probationary two-year term) and reports directly to the Board. The present Treasurer, Fred V. Stephens, has been Treasurer since January 1, 2004; his initial two-year contract continues until December 31, 2005.

The District and Its Facilities

The Elyria City School District is located in the city of Elyria in Lorain County, Ohio. In fiscal year 2004-2005, there were 7,956 students enrolled in the District compared to 8,130 students enrolled in the previous year. The District currently operates eleven (11) elementary schools, three (3) junior high schools, one high school, one alternative learning center and one special education pre-school. The District maintains one administrative facility that houses an all-day every day Kindergarten Village of 314 students, all central functions for the District including all maintenance functions and a central kitchen for its food service program. The District serves as the primary education provider for high incidence special education programs, which provide special curricula and skills programs for students from all of Lorain County and surrounding school districts.

Employee Relations and Benefits

For FY05, the District employed 1059 full and part-time teaching and support personnel. In the fiscal year ended June 30, 2005, the District paid from its general fund (Disadvantaged Pupil Impact Aid (DPIA) included \$41,104,294 in salaries and \$13,483,339 in fringe benefits and other labor-related costs such as employer retirement contributions, workers' compensation insurance coverage, unemployment compensation, life insurance and medical and dental insurance premiums.

For collective bargaining purposes, the NEA/OEA/Elyria Education Association (EEA) represents the District's teachers and educational specialists. The OEA/NEA Elyria Schools Support Staff (ESSS) represents the District's classified employees.

A collective bargaining agreement with the Elyria Education Association (EEA) expires July 31, 2005. The collective bargaining agreement with the Elyria School Support Staff (ESSS) expires December 31, 2005.

The District provides medical health insurance coverage to its employees through Medical Mutual Insurance Company. A three tier 5/15/30, Prescription drug program is provided to eligible employees through Advance PCS. The District provides life insurance and accidental death and dismemberment insurance to eligible employees through Medical Life. Dental insurance is provided to eligible employees through Delta Dental of Ohio and vision insurance is provided through VSP. All District employees participate in either the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS). The District made required contributions for pension obligations to these Systems on behalf of its employees in the amount of \$4,368,516 during the 2005 fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Taxes

Property taxes are a major source of revenue for the District. For property taxation purposes, assessment of real property is performed on a calendar year basis by the elected County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility property and tangible personal property is performed by the State Tax Commissioner. Property taxes are billed by the County Auditor and collected by the County Treasurer.

Taxes collected from “Real Property” (other than Public Utilities) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from “Tangible Personal Property” (other than Public Utilities) in one calendar year are levied in the prior calendar year on assessed values listed as of December 31 of the prior year. Public Utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year.

The “assessed valuation” of real property is fixed at 35 percent of true value and is determined pursuant to rules of the State Tax Commissioner, except that real property devoted exclusively to agricultural use is assessed at not more than 35 percent of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50 percent of the local tax rate upon its true value.

Generally, tangible personal property used in business (except for public utility) is currently assessed for taxation purposes at 24 percent of its true value (in general, the same as net book value). Certain public utility tangible personal property (except railroad operating property) currently is assessed at 88 percent of its true value. The first \$10,000 of taxable value of tangible personal property is exempted from taxation; partial reimbursement of reduced collections resulting from the partial exemption is paid from state sources.

The General Assembly has periodically exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classified real property between (i) residential and agricultural and (ii) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These credits apply to certain voted levies on real property and do not apply to unvoted tax levies to pay debt service on general obligation debt.

School Foundation

The State’s School Foundation Program is another major source of revenue for the District’s General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation Program established by the Ohio Revised Code (the “Code”). School Foundation Program funds distributed to a school district is required to be used for current operating expenses, unless specifically allocated by the State for some other purposes.

Basic eligibility for School Foundation Program payments is based on a school district’s compliance with State-mandated minimum standards. The District is in compliance with those standards and has no reason to believe it will not remain in compliance.

During the fiscal year ended June 30, 2005, the School District received \$28,709,143 of school foundation support for its general fund.

Local Economy

The Elyria area has a high percentage of its total work force employed in durable goods manufacturing, including automotive assembly, assembly of parts used in the transportation industry, tool and die-casting and metal fabricating. Manufacturing accounted for some 40-45% of the Elyria area's total work force employment during 2005. The rate of unemployment, at the end of the fiscal year 2005, for the Elyria City area was 5.8%.

The strength of the Elyria area economy is derived from its diversity in small manufacturing companies. Over 150 manufacturing concerns dominate the local economy and provide employment opportunities.

The District contains the "Westfield Shopping Town Midway" the largest retailing center in Lorain County and the largest retail mall between Cleveland and Toledo. The mall, anchored by four major department stores and two major discount stores, continues to see major expansion of its retailing space. Construction completed in recent years, added six new retailing centers, Sofa Express, The Home Depot, Dick's Sporting Goods, a major food chain store (Giant Eagle) a large retail department store (Target) and Circuit City, a major appliance home entertainment store. With the addition of these centers, the surrounding Westfield Mall area is developing specialty shops and the food service industry continues to expand with new offerings.

MAJOR INITIATIVES

For the Year.

Due to impending financial instability the District developed and implemented a District wide cost reduction and revenue enhancement plan.

The Elyria Board of Education contracted with the Auditor of States Office to provide a performance audit as a first step in identifying efficient and effective practices that would improve our financial situation. The auditors reviewed our five year forecast, financial systems, human resources, facilities and transportation. The information was used to develop the plan.

The superintendent charged the entire administration to meet and determine the major cost reductions necessary. They used group process techniques to determine the makeup and scope of the reductions. Those reductions were based on criteria communicated by the Board of Education. Upon consensus of the group, the superintendent held public meetings explaining the plan. The meetings were televised on our cable channel and considerable media coverage and public participation was realized.

As part of the plan the Board of Education authorized a four-year agreement with Energy Education, Inc. whereby the company will develop and implement an energy management program for the District focusing on the employee conservation. In addition the Board entered into a contract with Honeywell International to implement a House Bill 264 project. This project will allow the District to address critical facilities needs such as lighting and roof repair paying for the work with the savings from increased plant efficiency. The program allows the District to leveraging the small amount of resources available for facilities repair. Both projects have a positive cash flow and a guarantee of projected savings.

The District passed a 4.48 Emergency levy renewal on November 2nd 2004 an additional 3.9 emergency levy passed on May 3rd 2005. The passage of the two issues was vital to the financial stability of the school system.

- *Curriculum Initiatives.* The District made a substantial financial commitment to update its course of study (K-12). A major initiative started in 2002 and continuing to present was to develop a software program called an Indicator Reporting Information System (IRIS) that allow teachers to check the progress of each student longitudinally across time, using indicators that are aligned with new State reporting standards.
- *Classroom Technology.* The District has a standard for use of technology and uses fiber optics and a Wide Area Network (WAN) to all of its building to accommodate the use of administrative and instructional technology. The District's high school and middle schools are PC based while all elementary schools use Mac technology. Acquisitions of computers are made annually to supplement existing computers to provide students with the latest hardware and software technology and to replace outdated equipment.

Department Focus.

The Treasurers office is working on continuously improving the department by increasing efficiency and effectiveness.

- Allow all operational units in the District to access operational unit budgets, generate their own financial reports, review vendor payment information and access their account information through the District's website.
- Combined General Fund, Student Actives, and Athletics into one set of accounts eliminating duplication of effort.
- Developed a budget planning cycle based on district needs that allows for input from all affected departments.
- Solicited proposals for all health insurance plans resulting in a much lower than expected 4% renewal. In addition modifications in the coordination of benefits area resulted in significant savings on projected claims.
- Use the District's updated web page as a community resource for Board of Education and Financial Service information on the District.

For the Future.

The District will continue to implement the cost reduction plan and monitor the results.

The District continues to develop its technology system to allow all teachers and students access to the Internet. Teachers and administrators will have immediate access to District information on students, budget and staff. The District is implementing Smart Board technology into the classroom and has trained and placed equipment on line for the new school year.

The district is planning a new strategic planning process that will incorporate all stakeholders to insure that the systems mission, values, goals and objectives are on track for the future.

FINANCIAL INFORMATION

Pursuant to accounting procedures prescribed by the Ohio Revised Code (ORC), revenues and expenditures are recorded on a budgetary basis during the fiscal year. The accounting procedures prescribed by the ORC are generally applicable to all school districts in Ohio and differ from GAAP as promulgated by the Governmental Accounting Standards Board.

Annual financial reports on a budgetary basis are prepared by the Treasurer and filed with the State Department of Education as required by state statute. The State Auditor of Ohio requires that the District prepare and publish an annual financial report using accounting principles generally accepted in the United States of America.

Fiscal Management

The Treasurer, as chief financial officer of the Board of Education and the District, is responsible for receiving, maintaining custody of and disbursing and properly reporting all funds of the Board.

Budgeting, Tax Levy and Appropriations Procedures

The Ohio Revised Code contains detailed provisions regarding district budgeting, tax levy and appropriation procedures. The procedures involve review by Lorain County (The "County") officials at several stages.

District budgeting for a fiscal year formally begins with the preparation of a tax budget. After a public hearing, this budget is adopted by the Board prior to the fiscal year to which it pertains. Among other items, the tax budget must show the amounts required for debt service, the estimated receipts received from sources other than property taxes and the net amount for which a property tax levy must be made. The tax budget then is presented for review by the County Budget Commission, comprised of the County Auditor, County Treasurer and County Prosecuting Attorney.

The Budget Commission reviews the tax budget. The Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein". Upon approval of the tax budget, the County Budget Commission certifies to the Board its action together with the approved tax rates. Thereafter, the Board levies the approved taxes and certifies them to the proper County officials. The approved and certified tax rates are reflected in the tax bills sent to property owners during the collection year. Real property taxes are payable on a calendar basis, generally in two installments with the first usually in January and the second in July.

If a permanent appropriation measure is not ready for adoption at the beginning of each fiscal year, the Board adopts a temporary appropriation measure to begin that new fiscal year and then, within three months, adopts a permanent appropriation measure for that fiscal year. Permanent appropriation measures may be, and generally are, amended or supplemented during the fiscal year. Annual appropriations may not exceed the County Budget Commission's official estimates of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not appropriate monies in excess of the amounts set forth in the latest of those official estimates.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level except for general fund which is on the function level. The District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are reviewed prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. Estimated revenues and appropriations are amended at year-end based on actual revenue, expenditure and encumbrance activity.

Internal Controls

The management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely derived from its implementation; and, (2) the valuation of cost and benefits requires estimates and judgments by management.

FINANCIAL CONDITION

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

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

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

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

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

Financial Highlights – Internal Service Fund The only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses is related to the provision of dental and medical benefits to the District employees. The District has implemented a medical self-insurance program. The internal service fund had net assets of \$3,314,416 at June 30, 2005 compared with net assets of \$2,951,923 at June 30, 2004, reflecting an increase of \$362,493.

Financial Highlights – Fiduciary Funds The trust fund carried on the financial records of the District is a private purpose trust that has net assets totaling \$427,955 at June 30, 2005.

Cash Management

The District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) Investment Pool, United States Government bills and notes, certificates of deposit, mutual funds, and in repurchase agreements. The amount of investment income in fiscal year 2005 for all District funds was \$336,133. A more detailed description of the District's investment functions is described in Note 4 to the financial statements.

Risk Management

The 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 District contracted with Indiana Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate. Buildings and contents are covered under a Commercial Property Comprehensive Building Insurance policy with a \$1,000 deductible.

The District's vehicles are covered under a business auto policy with Indiana Insurance Company for primary coverage. This policy carries a \$250 deductible and a \$2,000,000 limit for bodily injury and property damage and a \$1,000,000 limit for uninsured motorist.

The District participated in a retrospective rating plan for workers' compensation for calendar years 1992 through 1996. This plan allowed the District to pay a fraction of the premium it would otherwise pay as an experience related risk. To achieve the reduction in premium, the District agreed to assume a portion of the risk. In 1996, the District joined the Ohio School Boards Association (OSBA) Workers' Compensation Trust that further reduced the premium costs to the District.

Pension Plan

All District's employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) with the exception of Board of Education members who have chosen to participate in Social Security. The District's employers contributions to both systems are based on a percentage of employee's salaries. State law requires the District to pay the employer share as determined by each retirement system. See Note 12 of the basic financial statements for complete details.

USE OF REPORT

This report is published to provide the Board of Education, the citizens of the Elyria School District and other interested persons, detailed information concerning the financial condition of the District, with the particular emphasis placed on the utilization of resources during fiscal year 2005. Further, this report will serve as a guide to formulating policies and conducting the District's day-to-day activities. The information is presented in a manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the District's financial affairs have been included.

In today's public awareness environment it is increasingly important that the public agencies prepare soundly conceived annual financial reports independently audited by a qualified firm or agency. It has become essential that such reports be prepared in accordance with generally accepted accounting principals (GAAP). Bond rating agencies review the data presented before determining a public agency's bond rating.

OTHER INFORMATION

Independent Audit: State statutes require the District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the District's accounting and budgetary controls. Either the Ohio State Auditor's office or an Independent Public Accountant (IPA) contracted by the State and the District may conduct the annual audit. The District requested and received permission from the State Auditor to contract with an (IPA) for completion of the annual audit for a three-year period. For the fiscal year ended June 30, 2005, Charles E. Harris & Associates, Inc. completed the audit. The auditor's unqualified audit opinion on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The District adopted and has been in conformance with that system beginning with its financial reporting for the 1981 fiscal year.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Elyria Schools for its Comprehensive Annual Financial Report for the year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such a CAFR 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 CAFR, conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff under the coordination of Fred Stephens, Treasurer/Chief Financial Officer. We truly appreciate the contributions made by each staff member in the preparation of this report.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Assistant Treasurer, Katie Henes and the staff of the Treasurer's Office; Mary Lou Burnside, Brenda Greenberg, MariJane LaFleur, Julie Parker, Hope Williams and Lorraine Watters. We want to express our appreciation to all who assisted and contributed to its preparation. We would like to acknowledge all members of the Board of Education who have expressed their interest and support in planning and conducting the financial operations of the District in a fiscally responsible, professional and progressive manner.



Roger J. Lulow, Ph.D.
Superintendent



Fred V. Stephens
Treasurer and Chief Financial Officer

Elyria City School District, Ohio

Members of the Board of Education

The Board of Education is a body politic and corporate with the responsibility of managing and controlling affairs of the District and is, together with the District, governed by laws of the State of Ohio. The Board is comprised of five members who are elected for overlapping four-year terms. The current members of the Board of Education of the Elyria City School District are:

	<i>Began Service as a Board Member</i>	<i>Present Term Expires</i>
<i>Donald Boddy, Member</i>	July 28, 1998	December 31, 2007
<i>Evelyn France, Member</i>	April 23, 1996	December 31, 2005
<i>Holly Brinda, President</i>	January 1, 2000	December 31, 2007
<i>Kathryn Karpus, Vice President</i>	January 1, 2003	December 31, 2007
<i>Virginia Hawes, Member</i>	January 1, 2002	December 31, 2005

Superintendent of Schools

The Superintendent is the executive officer of the District and is responsible for administering policies adopted by the Board of Education. The superintendent is expected to provide leadership in all phases of policy formulation and is the chief advisory to the Board on all aspects of the educational program and total operation of the District. Interim Superintendent, Roger J. Lulow PhD, had been Interim Superintendent since August 1, 2004. The Board of Education recently hired Paul Rigda as Superintendent starting August 1, 2005.

Treasurer/Chief Financial Officer

The Treasurer/Chief financial Officer serves as the fiscal officer of the District and, with the Board President, executes all conveyances made by the Board of Education. The Treasurer/Chief Financial Officer, Fred V. Stephens, has held the position since January 1, 2004.

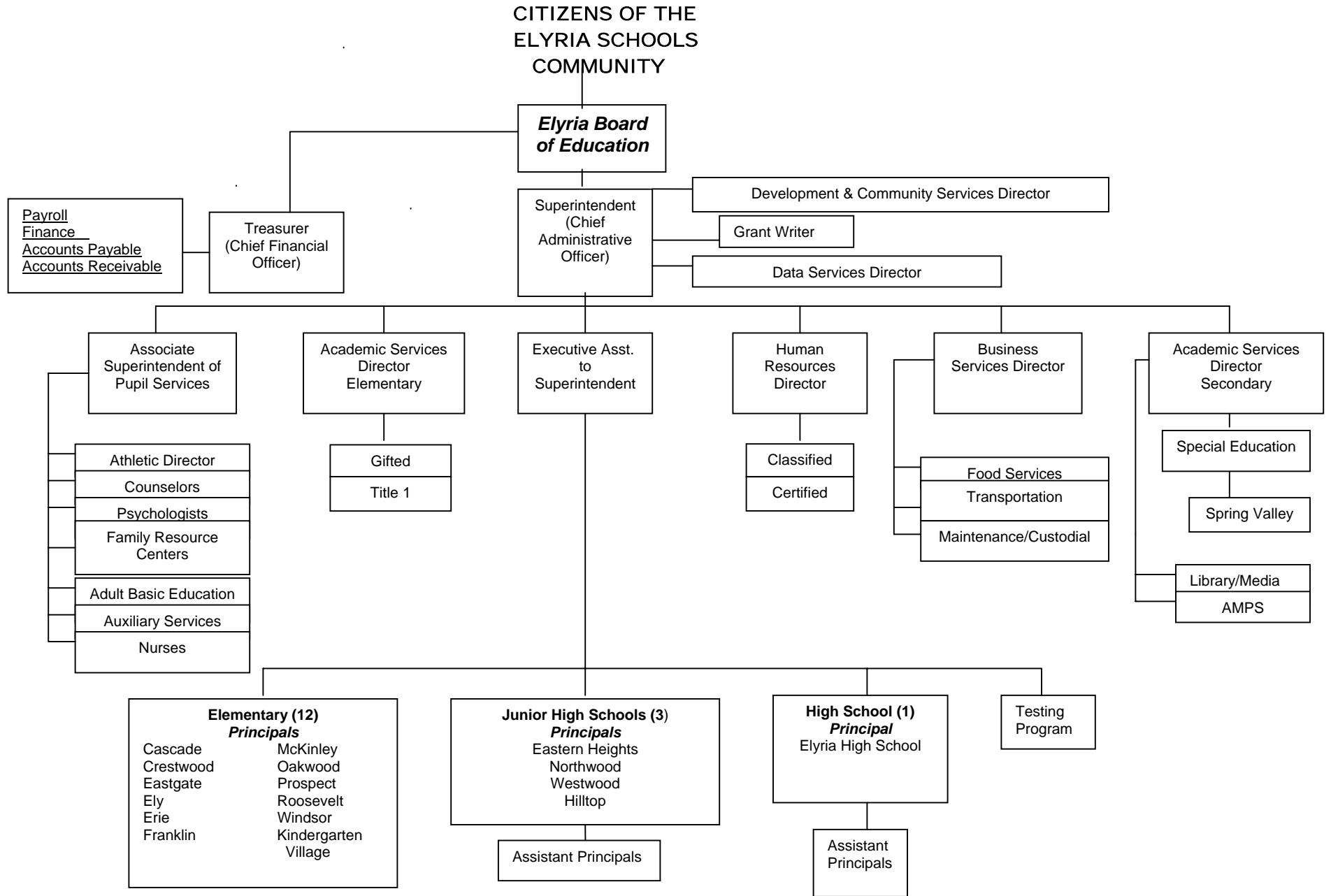
ELYRIA CITY SCHOOL DISTRICT, OHIO

Management Team

Dr. Roger J. Lulow	Superintendent of Schools/CEO
Fred V. Stephens	Treasurer, Chief Financial Officer
Gordon Dupree	Associate Supt., Pupil Services
Gary Taylor	Director of Human Resources
Betty Halliburton	Director of Communications and Public Affairs
Paul Rigda	Director of Academic Services, Secondary
Michele Stoffan	Director of Academic Services, Elementary
Joanne Burgess	G.A.T.E. Coordinator, Gifted Program
Brian Kokai	Director of Technology
Dr. Mark Sutter	Executive Assistant to the Superintendent
Dawn McCready	Director of Special Education
Katie Henes	Assistant Treasurer
Richard Nielson	Director of Business Services
Mark McGuire	Athletic Director
Willard Jett	Director of Food Services, Sodexo
Cheri Lengyel	Supervisor for Transportation, First Student
Dianne D. Quinn	Elyria High School Principal
Kimberly Blevins	Eastern Heights Junior High School Principal
Thomas Jama	Northwood Junior High School Principal
Gregory Horace	Westwood Junior High School Principal
Aretha Dixon	Cascade Elementary Principal
Linda Arter	Crestwood Elementary Principal
Charles Sanfilippo	Eastgate Elementary Principal

Jack Dibee	Ely Elementary Principal
Ann Lars	Erie Elementary Principal
Chip Hall	McKinley Elementary Principal
Elsa Manco	Franklin Elementary Principal
Joyce Bouman	Oakwood Elementary Principal
Michael Amann	Prospect Elementary Principal
Elaine Carlin	Roosevelt Elementary Principal
Michael Rوتا	Windsor Elementary Principal
Robyn Fisher	Spring Valley (Early Childhood Center)
Rita Tomsic	Kindergarten Village Principal
Allen Senkovich	Hilltop Academy (Alternative School)

ORGANIZATIONAL CHART FOR THE ELYRIA CITY SCHOOL DISTRICT



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Elyria City Schools,
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.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

Financial Section

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Education
Elyria City School District
Elyria, Ohio**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Elyria City School District, 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 an opinion on these basic financial statements based on our audit.

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

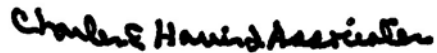
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elyria City School District, Ohio, as of June 30, 2005, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 18 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2 *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers*, and GASB Statement No. 40, *Deposits and Investment Risk Disclosures*.

The Management's Discussion and Analysis on pages 3 through 11 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2006 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, 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express not opinion on them.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive style.

Charles E. Harris & Associates, Inc.
April 21, 2006

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

The discussion and analysis of Elyria City School District's (the School District) 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, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- Net assets of governmental activities decreased \$3.5 million, which represented a 22.8 percent from 2004. Net assets of business-type activities also decreased 3.7 percent from 2004, or \$0.01 million. Overall, the School District's net assets ended at \$12.1 million.
- For governmental activities, general revenues accounted for \$64.6 in revenue or 84.4 percent of all revenues. Program specific revenues in the form of charges for service, grants, and contributions accounted for \$11.9 million or 15.6 percent of total revenues of \$76.5 million.
- The School District had \$79.9 million in expenses related to governmental activities; \$11.9 million of these expenses were offset by program specific revenues (charges for services, grants, or contributions). General revenues (primarily state foundation and taxes) of \$64.6 million were not adequate to provide for these programs.
- For business-type activity, program specific revenues in the form of charges for service and grants accounted for \$2.7 million in revenue or 99.9 percents of all revenues. General revenues only accounted for 0.1 percent of the total revenues.
- The School District had \$2.7 million in expenses related to business-type activity. Almost all of these expenses were offset by program specific revenues (charges for services, grants, or contributions). General revenue (primarily investment earnings) did not cover all the expenses for this program.
- The general fund, the only major fund, had \$65.8 million in revenues and \$68.1 in expenditures. The general fund's balance decreased from \$3.9 million to 1.6 million.

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

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School District include instruction, support services, operation of non-instructional services, and extracurricular activities. The business-type activity of the School District includes lunchroom/cafeteria.

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

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

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

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

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

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

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the lunchroom/cafeteria, which is considered to be a non-major fund of the School District.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

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

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-56 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on page 57-109 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$12.1 million at the close of the most recent fiscal year.

Approximately one third of the School District's net assets (\$4.03 million) reflect its unrestricted net assets. The School District uses these unrestricted net assets to meet ongoing obligations to the residents and creditors. Another one third of the net assets (\$3.94 million) are investment in capital assets (e.g., land, building, machinery and furniture, vehicles). The School District uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. The rest of the School District's net assets, \$4.13 million, represent resources that are subject to external restrictions on how they may be used.

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

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

Elyria City School District's Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Assets:						
Current and Other Assets	\$ 46.13	\$ 43.98	\$ 0.42	\$ 0.39	\$ 46.55	\$ 44.37
Capital Assets	5.17	4.22	0.19	0.16	5.36	4.38
<i>Total Assets</i>	<u>51.30</u>	<u>48.20</u>	<u>0.61</u>	<u>0.55</u>	<u>51.91</u>	<u>48.75</u>
Liabilities:						
Current Liabilities	31.47	30.78	0.21	0.17	31.68	30.95
Long-term Liabilities	4.65	5.70	-	-	4.65	5.70
<i>Total Liabilities</i>	<u>36.12</u>	<u>36.48</u>	<u>0.21</u>	<u>0.17</u>	<u>36.33</u>	<u>36.65</u>
Net Assets:						
Invested in Capital Assets	4.31	3.78	0.19	0.16	4.50	3.94
Restricted	4.49	4.13	-	-	4.49	4.13
Unrestricted	6.38	3.81	0.21	0.22	6.59	4.03
<i>Total Net Assets</i>	<u>\$ 15.18</u>	<u>\$ 11.72</u>	<u>\$ 0.40</u>	<u>\$ 0.38</u>	<u>\$ 15.58</u>	<u>\$ 12.10</u>

The School District's net assets decreased by \$3.5 million during the current fiscal year. All of these represent the degree of ongoing expenses increasing with the corresponding declining revenue during the year.

Governmental Activities

Governmental activities decreased the School District's net assets by \$3.5 million, thereby accounting for 99.6 percent of the total decline in net assets of the School District. Key elements of this decrease are as follows:

- Total revenues increased by \$6.1 million comparing to prior year. Despite the decrease in charges for services and sales and capital grants and contributions, revenues from property taxes, operating grants and contributions, and grants and entitlements increased significantly during the current fiscal year. Property taxes increased the most, by \$3.2 million. Operating grants and contributions and grants entitlements increased \$1.7 million and \$1.4 million respectively.

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

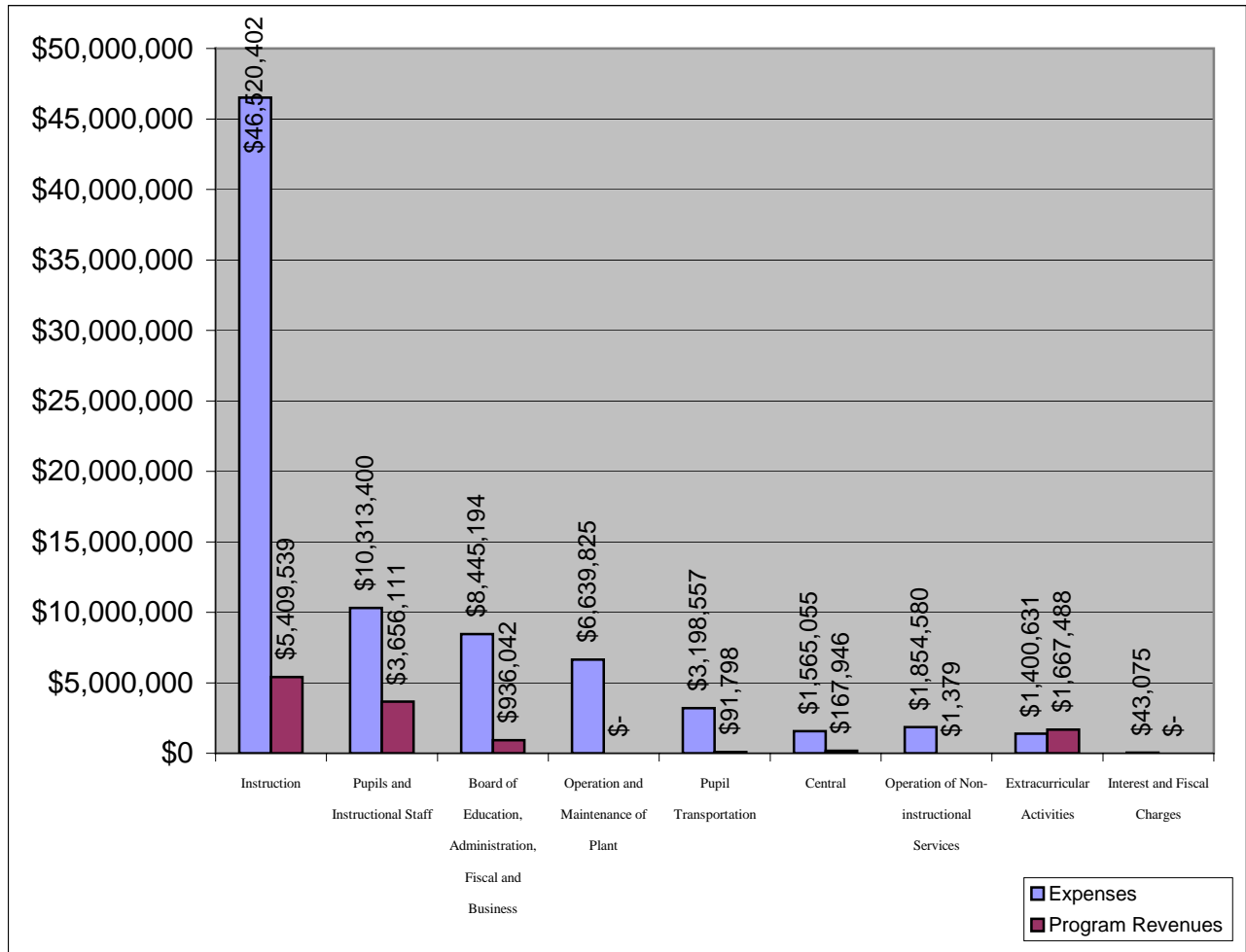
Elyria City School District
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Revenue:						
Program Revenues:						
Charges for Services and Sales	\$ 2,289,714	\$ 1,944,156	\$ 885,967	\$ 819,045	\$ 3,175,681	\$ 2,763,201
Operating Grants and Contributions	8,237,544	9,914,012	1,844,303	1,843,386	10,081,847	11,757,398
Capital Grants and Contributions	161,488	72,135	-	-	161,488	72,135
General Revenues:						
Property Taxes	30,251,318	33,420,811	-	-	30,251,318	33,420,811
Grants and Entitlements	28,971,881	30,408,503	-	-	28,971,881	30,408,503
Investment Earnings	299,727	441,169	542	1,668	300,269	442,837
Miscellaneous	183,727	316,991	-	-	183,727	316,991
Total Revenues	70,395,399	76,517,777	2,730,812	2,664,099	73,126,211	79,181,876
Expenses:						
Instructions:						
Regular	29,624,561	31,649,471	-	-	29,624,561	31,649,471
Special	9,113,085	9,763,249	-	-	9,113,085	9,763,249
Vocational	306,809	352,683	-	-	306,809	352,683
Adult	69,504	72,170	-	-	69,504	72,170
Other	3,855,812	4,682,829	-	-	3,855,812	4,682,829
Support Services:						
Pupils	5,110,344	5,370,367	-	-	5,110,344	5,370,367
Instructional Staff	4,846,921	4,943,033	-	-	4,846,921	4,943,033
Board of Education	115,881	82,330	-	-	115,881	82,330
Administration	4,959,822	5,603,999	-	-	4,959,822	5,603,999
Fiscal	1,556,168	1,758,681	-	-	1,556,168	1,758,681
Business	760,780	1,000,184	-	-	760,780	1,000,184
Operation and Maintenance of Plant	6,900,583	6,639,825	-	-	6,900,583	6,639,825
Pupil Transportation	3,142,194	3,198,557	-	-	3,142,194	3,198,557
Central	1,336,426	1,565,055	-	-	1,336,426	1,565,055
Operation of Non-instructional Services	1,586,493	1,854,580	-	-	1,586,493	1,854,580
Extracurricular Activities	1,574,321	1,400,631	-	-	1,574,321	1,400,631
Fiscal and Interest Charges	59,738	43,075	-	-	59,738	43,075
Food Services	-	-	2,618,632	2,678,175	2,618,632	2,678,175
Total Expenses	74,919,442	79,980,719	2,618,632	2,678,175	77,538,074	82,658,894
Changes in Net Assets	(4,524,043)	(3,462,942)	112,180	(14,076)	(4,411,863)	(3,477,018)
Beginning Net Assets, Restated	19,778,506	15,183,187	285,599	397,779	20,064,105	15,580,966
Prior Period Adjustments	(71,276)	-	-	-	(71,276)	-
Ending Net Assets	\$ 15,183,187	\$ 11,720,245	\$ 397,779	\$ 383,703	\$ 15,580,966	\$ 12,103,948

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

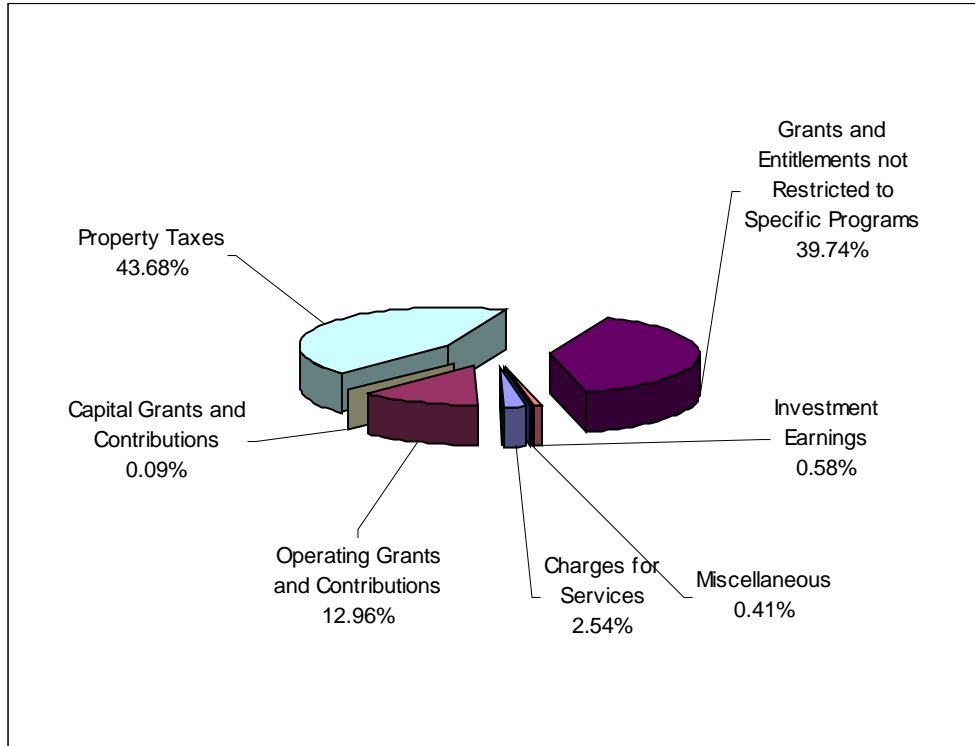
- Expenses also increased during the current fiscal year, approximately \$5.1 million. Most of the increase could be accounted from instruction and support services. Regular instruction increased significantly compared to others. Special instruction, other instruction, and administration also contributed to the increase.
- For the most part, the increase in expenses closely paralleled inflation and growth in the demand for services. However, the School District did not bring in sufficient resources to offset the cost of operation, which result in decrease in net assets in the governmental activities.

Expenses and Program Revenues – Governmental Activities



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

Revenues by Sources – Governmental Activities



The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must return to voters to maintain a constant level of service. Property taxes made up 44 percent of revenue for governmental activities for Elyria City School District in fiscal year 2005, a 1 percent increase from prior years.

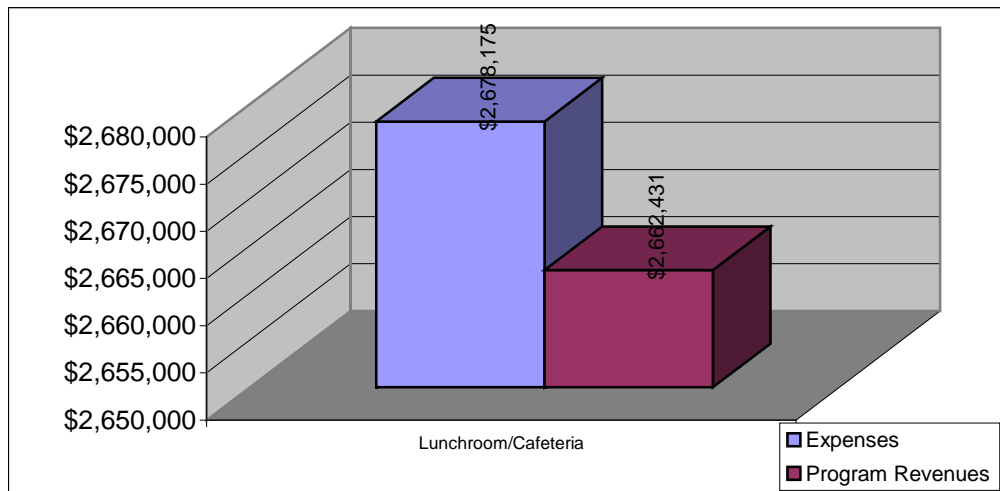
Elyria City School District
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2005
Unaudited

Business-Type Activity

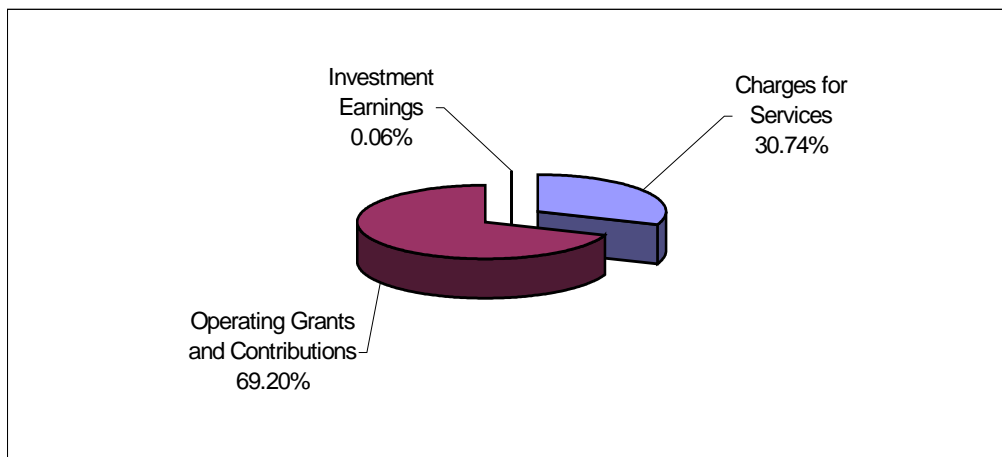
Business-type activity decreased the School District's net assets by \$14 thousand. The only business-type activity for the School District was lunchroom/cafeteria. Key elements of this decrease are as follows:

- Charges for services for decreased by \$66,922 due to the decrease in sales.
- Expenses increased by \$59,543. Most of the increase could be accounted from purchased services.

Expenses and Program Revenues- Business-type Activity



Revenues by Sources – Business-type Activity



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

Financial Analysis of the Governmental Funds

Governmental Funds. Information about the School District's governmental funds starts on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$77.1 million and expenditures of \$80.1 million. The total governmental fund balance decreased \$3 million. The net change in governmental fund balance for the year was most significant in the general fund, where the general fund's fund balance decreased by \$2.3 million for fiscal year 2005.

The general fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved fund balance of the general fund was negative \$4.6 million, while total fund balance declined to \$2.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents less than one percent of total general fund expenditures, while total fund balance represents seven percent of that same amount.

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

- Revenues increased approximately \$5 million. Increase in taxes, intergovernmental revenues and transfers in were the main reason for the increase.
- Expenditures also increased by \$2.6 million. Most of the increase occurred in instruction and transfers out.
- Although the increase in revenues was more than the increase in expenditures, the School District still spent more than what it brought in during fiscal year 2005, which contributed to the decrease of fund balance for the general fund.

Proprietary Fund. The School District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Information about the School District's proprietary funds starts on page 25.

Unrestricted net assets of the lunchroom/cafeteria is as follows:

	Lunchroom/Cafeteria	
	2004	2005
Revenues	\$2,730,812	\$2,664,099
Expenses	2,618,632	2,678,175
Net Income (Loss)	112,180	(14,076)
Beginning Net Assets	285,599	397,779
Ending Net Assets	\$397,779	\$383,703

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

Lunchroom/cafeteria net assets declined slightly during the current fiscal year. The key elements of the decrease could be found at business-type activity.

General Fund Budgeting Highlights

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

During the course of fiscal year 2005 the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$64.0 million, which was the same as the original budget. The final amended budget appropriations of the general fund was \$70.5 million, which also is the same as the original budget appropriations.

Capital Assets and Debt Administration

Capital Assets. The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amount to \$4.4 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, furniture, vehicles and textbooks. The total decrease in the School District's investment in capital assets for the current fiscal year was 13.8 percent. While governmental activities decreased by 18.3 percent, the business-type activities also decreased by 15.8 percent.

**Elyria City School District's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2004	2005	2004	2005	2004	2005
Land and Improvements	\$ 1,133,431	\$ 1,095,732	\$ -	\$ -	\$ 1,133,431	\$ 1,095,732
Buildings and Improvements	1,833,354	1,674,514	-	-	1,833,354	1,674,514
Furniture/Equipment/Fixtures	2,176,700	1,434,824	185,087	155,881	2,361,787	1,590,705
Vehicles	18,674	12,916	-	-	18,674	12,916
Library and Textbooks	3,202	1,067	-	-	3,202	1,067
Total Capital Assets, Net	\$ 5,165,361	\$ 4,219,053	\$ 185,087	\$ 155,881	\$ 5,350,448	\$ 4,374,934

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

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

- While there were \$206,282 of furniture and equipment additions, the additions were offset by \$1,149,921 of accumulated depreciation.

Additional information on the School District's capital assets can be found in note 8 of the basic financial statements.

Debt. Currently, the School District has \$370,000 of Library Construction Bonds at June 30, 2005. The debt matures in fiscal year 2006. Additional information on the School District's debt can be found in note 10 of the basic financial statements.

Current Financial Related Activities

The School Districts major sources of revenue are not keeping pace with expenditure increases due to the legislated tax relief of House Bill 920. The School District also needs to renew a five year 4.75 mil emergency levy in 2005. To continue the School District must seek additional tax revenues for operations and facilities in the near future.

On December 11, 2004, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations. Virtually, no additional state revenue will be available to Elyria School District. Thus, both taxes and state revenue are fixed or declining.

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

Elyria School District has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1999. This report represents the second report using the new reporting model.

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Fred Stephens, Treasurer at Elyria School District, 42101 Griswold Road, Elyria, Ohio 44035.

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Elyria City School District
Statement of Net Assets
June 30, 2005

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 10,321,781	\$ 111,206	\$ 10,432,987
Receivables:			
Taxes	31,226,614	-	31,226,614
Accounts	64,299	-	64,299
Intergovernmental	2,314,204	285,123	2,599,327
Accrued Interest	19,646		
Internal Balances	31,219	(31,219)	-
Inventory Held for Resale	-	26,182	26,182
Materials and Supplies Inventory	6,853	5,917	12,770
Nondepreciable Capital Assets	588,160	-	588,160
Depreciable Capital Assets, Net	3,630,893	155,881	3,786,774
<i>Total Assets</i>	48,203,669	553,090	48,737,113
Liabilities			
Accounts Payable	773,356	3,731	777,087
Accrued Wages and Benefits	6,007,851	84,855	6,092,706
Compensated Absences Payable	2,475	-	2,475
Pension Obligation Payable	1,719,925	75,861	1,795,786
Intergovernmental Payable	328,770	4,940	333,710
Unearned Revenue	20,822,444	-	20,822,444
Accrued Interest Payable	-	-	-
Claims Payable	1,133,400	-	1,133,400
Long-Term Liabilities:			
Due Within One Year	1,000,930	-	1,000,930
Due Within More Than One Year	4,694,273	-	4,694,273
<i>Total Liabilities</i>	36,483,424	169,387	36,652,811
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,777,886	155,881	3,933,767
Restricted for:			
Capital Projects	1,644,202	-	1,644,202
Debt Service	373,730	-	373,730
Other Purposes	2,110,573	-	2,110,573
Unrestricted (Deficit)	3,813,854	227,822	4,041,676
<i>Total Net Assets</i>	\$ 11,720,245	\$ 383,703	\$ 12,103,948

See accompanying notes to the basic financial statements

Elyria City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$ 31,649,471	\$ 212,169	\$ 1,251,001	\$ -
Special	9,763,249	1,204,802	2,669,948	-
Vocational	352,683	-	-	-
Adult	72,170	-	71,619	-
Other	4,682,829	-	-	-
Support Services:				
Pupils	5,370,367	22,345	774,176	-
Instructional Staff	4,943,033	25,201	2,834,389	-
Board of Education	82,330	-	-	-
Administration	5,603,999	-	905,616	-
Fiscal	1,758,681	30,285	-	-
Business	1,000,184	-	141	-
Operation and Maintenance of Plant	6,639,825	-	-	-
Pupil Transportation	3,198,557	-	91,798	-
Central	1,565,055	141	95,670	72,135
Operation of Non-Instructional Services	1,854,580	1,379	-	-
Extracurricular Activities	1,400,631	447,834	1,219,654	-
Interest and Fiscal Charges	43,075	-	-	-
<i>Total Governmental Activities</i>	<u>79,980,719</u>	<u>1,944,156</u>	<u>9,914,012</u>	<u>72,135</u>
Business-Type Activities				
Lunchroom/Cafeteria	2,678,175	819,045	1,843,386	-
<i>Total Business-Type Activity</i>	<u>2,678,175</u>	<u>819,045</u>	<u>1,843,386</u>	<u>-</u>
Totals	<u>\$ 82,658,894</u>	<u>\$ 2,763,201</u>	<u>\$ 11,757,398</u>	<u>\$ 72,135</u>

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

Total General Revenues

Changes in Net Assets

Net Assets Beginning of Year - As Restated (See Note 18)

Net Assets End of Year

See accompany notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (30,186,301)	\$ -	\$ (30,186,301)
(5,888,499)	-	(5,888,499)
(352,683)	-	(352,683)
(551)	-	(551)
(4,682,829)	-	(4,682,829)
(4,573,846)	-	(4,573,846)
(2,083,443)	-	(2,083,443)
(82,330)	-	(82,330)
(4,698,383)	-	(4,698,383)
(1,728,396)	-	(1,728,396)
(1,000,043)	-	(1,000,043)
(6,639,825)	-	(6,639,825)
(3,106,759)	-	(3,106,759)
(1,397,109)	-	(1,397,109)
(1,853,201)	-	(1,853,201)
266,857	-	266,857
(43,075)	-	(43,075)
<u>(68,050,416)</u>	<u>-</u>	<u>(68,050,416)</u>
-	(15,744)	(15,744)
-	(15,744)	(15,744)
<u>\$ (68,050,416)</u>	<u>\$ (15,744)</u>	<u>\$ (68,066,160)</u>
\$ 33,255,486	\$ -	\$ 33,255,486
165,325	-	165,325
30,408,503	-	30,408,503
441,169	1,668	442,837
316,991	-	316,991
<u>64,587,474</u>	<u>1,668</u>	<u>64,589,142</u>
(3,462,942)	(14,076)	(3,477,018)
<u>15,183,187</u>	<u>397,779</u>	<u>15,580,966</u>
<u>\$ 11,720,245</u>	<u>\$ 383,703</u>	<u>\$ 12,103,948</u>

Elyria City School District
Balance Sheet
Governmental Funds
June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,741,498	\$ 3,265,866	\$ 7,007,364
Receivables:			
Taxes	31,098,021	128,593	31,226,614
Accounts	11,928	100	12,028
Intergovernmental	-	2,366,475	2,366,475
Accrued Interest	19,646	-	19,646
Interfund Receivable	123,137	-	123,137
Materials and Supplies Inventory	6,853	-	6,853
<i>Total Assets</i>	35,001,083	5,761,034	40,762,117
Liabilities			
Accounts Payable	289,576	483,780	773,356
Accrued Wages and Benefits	5,400,965	604,361	6,005,326
Compensated Absences Payable	-	2,475	2,475
Pension Obligation Payable	1,530,613	186,203	1,716,816
Interfund Payable	-	123,137	123,137
Due to Other Funds	868,127	110,442	978,569
Intergovernmental Payable	290,659	37,853	328,512
Deferred Revenue	24,982,046	1,387,668	26,369,714
<i>Total Liabilities</i>	33,361,986	2,935,919	36,297,905
Fund Balances			
Reserved for:			
Encumbrances	87,126	283,932	371,058
Debt Service	-	329,415	329,415
Property Taxes	6,115,975	31,612	6,147,587
Unreserved:			
Undesignated, Reported in:			
General Fund	(4,564,004)	-	(4,564,004)
Special Revenue Funds	-	676,252	676,252
Capital Projects Funds	-	1,503,904	1,503,904
<i>Total Fund Balances</i>	1,639,097	2,825,115	4,464,212
<i>Total Liabilities and Fund Balances</i>	\$ 35,001,083	\$ 5,761,034	\$ 40,762,117

See accompany notes to the basic financial statements

Elyria City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2005*

Total Governmental Fund Balances		\$ 4,464,212
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,219,053
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	4,258,671	
Intergovernmental	1,290,687	
Total		5,549,358
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		3,182,825
Long-term liabilities, including bonds, payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(370,000)	
Compensated Absences	(5,254,036)	
Capital Lease	(71,167)	
Total		(5,695,203)
<i>Net Assets of Governmental Activities</i>		\$ 11,720,245

See accompany notes to the basic financial statements

Elyria City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 32,318,930	\$ 165,680	\$ 32,484,610
Intergovernmental	30,391,155	9,175,021	39,566,176
Interest	381,045	4,523	385,568
Tuition and Fees	1,204,802	-	1,204,802
Extracurricular Activities	14,615	240,950	255,565
Classroom Materials and Fees	-	164,623	164,623
Miscellaneous	307,929	319,166	627,095
	Total Revenues	10,069,963	74,688,439
Expenditures			
Current:			
Instruction:			
Regular	28,709,604	1,435,542	30,145,146
Special	6,944,162	2,653,731	9,597,893
Vocational	350,838	-	350,838
Adult	-	71,619	71,619
Other	4,682,829	-	4,682,829
Support Services:			
Pupils	4,409,023	814,760	5,223,783
Instructional Staff	2,572,751	2,311,578	4,884,329
Board of Education	82,330	-	82,330
Administration	4,513,463	906,528	5,419,991
Fiscal	1,723,946	32,742	1,756,688
Business	999,132	141	999,273
Operation and Maintenance of Plant	6,177,948	94,720	6,272,668
Pupil Transportation	3,106,759	91,798	3,198,557
Central	1,047,447	347,874	1,395,321
Operation of Non-Instructional Services	506,439	1,396,192	1,902,631
Extracurricular Activities	980,101	387,360	1,367,461
Capital Outlay	19,633	337,822	357,455
Debt Service:			
Principal Retirement	68,049	350,000	418,049
Interest and Fiscal Charges	9,886	34,160	44,046
	Total Expenditures	11,266,567	78,170,907
<i>Excess of Revenue Over/(Under) Expenditures</i>	(2,285,864)	(1,196,604)	(3,482,468)
Other Financing Sources (Uses)			
Proceeds from the Sale of Capital Assets	11,731	-	11,731
Transfer In	1,200,000	1,200,000	2,400,000
Transfer Out	(1,200,000)	(1,200,000)	(2,400,000)
	Total Other Financing Sources (Uses)	-	11,731
<i>Net Change in Fund Balances</i>	(2,274,133)	(1,196,604)	(3,470,737)
<i>Fund Balances Beginning of Year, as Restated (See Note 18)</i>	3,913,230	4,021,719	7,934,949
<i>Fund Balances End of Year</i>	\$ 1,639,097	\$ 2,825,115	\$ 4,464,212

Elyria City School District
*Reconciliation of the Statement of Revenues, Expenditures
and Changes in the Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2005*

Net Change in Fund Balances - Total Governmental Funds \$ (3,470,737)

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

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

Capital Assets Additions	206,282
Capital Assets Deletions	(2,669)
Current Year Depreciation	<u>(1,149,921)</u>

Total (946,308)

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

Taxes	936,015
Intergovernmental	<u>828,474</u>

Total 1,764,489

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

Library Construction Bonds	350,000
Capital Lease	<u>68,049</u>

Total 418,049

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

971

Some expenses reported in the statement of activities, such as compensated absences, do not required the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Increase Compensated Absences Payable (1,460,308)

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

230,902

Change in Net Assets of Governmental Activities **\$ (3,462,942)**

See accompany notes to the basic financial statements

Elyria City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amount</u>			Variance with Final Budget Over/ (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenue:</u>				
Taxes	\$ 30,623,247	\$ 30,623,247	\$ 30,064,057	\$ (559,190)
Intergovernmental	29,681,795	29,681,795	30,391,155	709,360
Interest	325,251	325,251	336,133	10,882
Tuition	1,197,303	1,197,303	1,197,948	645
Extracurricular Activities	28,263	28,263	14,615	(13,648)
Miscellaneous	942,899	942,899	327,300	(615,599)
Total Revenues	62,798,758	62,798,758	62,331,208	(467,550)
<u>Expenditures:</u>				
Instruction:				
Regular	28,873,709	28,873,709	28,764,625	109,084
Special	7,227,013	7,196,013	7,049,275	146,738
Vocational	398,819	398,819	344,238	54,581
Other	4,781,070	4,781,070	4,707,265	73,805
Support Services:				
Pupils	4,709,576	4,709,576	4,410,738	298,838
Instructional Staff	2,921,900	2,921,900	2,601,199	320,701
Board of Education	109,795	109,795	87,367	22,428
Administration	4,665,848	4,665,848	4,487,953	177,895
Fiscal	1,612,481	1,642,481	1,637,840	4,641
Business	1,098,339	1,098,339	1,003,954	94,385
Operation and Maintenance of Plant	6,456,928	6,456,928	6,350,629	106,299
Pupil Transportation	3,231,988	3,231,988	2,966,327	265,661
Central	1,482,405	1,482,405	1,109,046	373,359
Operation of Non-Instructional Services	561,143	561,143	502,076	59,067
Extracurricular Activities	992,500	993,500	993,256	244
Capital Outlay	19,526	19,526	18,453	1,073
Total Expenditures	69,143,040	69,143,040	67,034,241	2,108,799
Excess of Revenues Over/ (Under) Expenditures	(6,344,282)	(6,344,282)	(4,703,033)	1,641,249
<u>Other Financing Sources/(Uses):</u>				
Proceeds from the Sale of Capital Assets	11,695	11,695	11,695	-
Refund of Prior Year Expenditures	2,036	2,036	2,036	-
Advance In	7,403	7,403	7,403	-
Advance Out	(130,540)	(130,540)	(130,540)	-
Transfer In	1,200,000	1,200,000	1,200,000	-
Transfer Out	(1,200,000)	(1,200,000)	(1,200,000)	-
Total Other Financing Sources/(Uses)	(109,406)	(109,406)	(109,406)	-
Net Change in Fund Balance	(6,453,688)	(6,453,688)	(4,812,439)	1,641,249
Fund Balance/(Deficit) at the Beginning of Year	7,410,637	7,410,637	7,410,637	-
Prior year encumbrances appropriated	979,771	979,771	979,771	-
Fund Balance/(Deficit) at the End of Year	\$ 1,936,720	\$ 1,936,720	\$ 3,577,969	\$ 1,641,249

See accompanying notes to the basic financial statements

Elyria City School District
Statement of Fund Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Lunchroom/ Cafeteria	Fund
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 111,206	\$ 3,314,417
Receivables:		
Accounts	-	-
Intergovernmental	285,123	-
Due from Other Funds	-	1,009,788
Prepaid Items		
Inventory Held For Resale	26,182	-
Materials and Supplies Inventory	5,917	-
	428,428	4,324,205
<i>Total Current Assets</i>		
Capital Assets, Net of Accumulated Depreciation	155,881	-
	584,309	4,324,205
<i>Total Assets</i>		
Liabilities		
Accounts Payable	3,731	-
Accrued Wages	84,855	2,525
Due to Other Funds	31,219	-
Intergovernmental Payable	4,940	258
Pension Obligation Payable	75,861	3,109
Claims Payable	-	1,133,400
	200,606	1,139,292
<i>Total Current Liabilities</i>		
Long-Term Liabilities:		
Compensated Absences Payable	-	2,088
	200,606	1,141,380
<i>Total Liabilities</i>		
Net Assets		
Invested in Capital Assets	155,881	-
Unrestricted	227,822	3,182,825
	\$ 383,703	\$ 3,182,825
<i>Total Net Assets (Deficit)</i>		

See accompanying notes to the basic financial statements

Elyria City School District
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Lunchroom/ Cafeteria	
Operating Revenues:		
Charges for Services	\$ -	\$ 7,303,210
Food Services	819,045	-
Other Operating Revenues	-	-
<i>Total Operating Revenues</i>	<u>819,045</u>	<u>7,303,210</u>
Operating Expenses:		
Salaries	762,360	42,210
Fringe Benefits	325,058	167,950
Purchased Services	482,364	455,554
Materials and Supplies	131,775	-
Cost of Sales	946,285	-
Depreciation	30,333	-
Claims	-	6,462,195
<i>Total Operating Expenses</i>	<u>2,678,175</u>	<u>7,127,909</u>
<i>Operating Income (Loss)</i>	<u>(1,859,130)</u>	<u>175,301</u>
Non-Operating Revenues (Expenses):		
Federal Donated Commodities	176,076	-
Intergovernmental	1,667,310	-
Interest	1,668	55,601
<i>Total Non-Operating Revenues (Expenses)</i>	<u>1,845,054</u>	<u>55,601</u>
<i>Change in Net Assets</i>	(14,076)	230,902
<i>Net Assets (Deficit)</i>	<u>397,779</u>	<u>2,951,923</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 383,703</u>	<u>\$ 3,182,825</u>

See accompanying notes to the basic financial statements

Elyria City School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Lunchroom/ Cafeteria	Fund
Increase (Decrease in Cash and Cash Equivalents)		
Cash Flows from Operating Activities		
Cash Received from Customers	\$ 819,045	\$ 7,271,851
Cash Payments to Employees for Services	(757,832)	(42,130)
Cash Payments for Employee Benefits	(326,692)	(167,870)
Cash Payments for Goods and Services	(1,416,755)	(455,554)
Cash Payments for Claims	-	(6,343,495)
	(1,682,234)	262,802
<i>Net Cash Provided by (Used for) Operating Activities</i>		
Cash Flows from Noncapital Financing Activities		
Grants Received	1,648,545	-
	1,648,545	-
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>		
Cash Flows from Capital Financing Activities		
Acquisition of Capital Assets	(1,127)	-
	(1,127)	-
<i>Net Cash Provided by (Used for) Capital Financing Activities</i>		
Cash Flows from Investing Activities		
Interest on Investment	1,668	55,601
	1,668	55,601
<i>Net Cash Provided by (Used for) Investing Activities</i>		
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(33,148)	318,403
<i>Cash and Cash Equivalents Beginning of Year</i>	144,354	2,996,014
<i>Cash and Cash Equivalents End of Year</i>	\$ 111,206	\$ 3,314,417
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	\$ (1,859,130)	\$ 175,301
Adjustments:		
Depreciation	30,333	-
Donated Commodities	176,076	-
(Increase) Decrease in Assets:		
Accounts Receivable	-	1,435
Inventory Held for Resale	15,317	-
Materials and Supplies Inventory	(591)	-
Due from Other Funds	-	(32,794)
Increase (Decrease) in Liabilities:		
Accounts Payable	(47,133)	-
Accrued Wages	4,758	267
Compensated Absences Payable	-	(186)
Pension Obligation Payable	(2,479)	80
Intergovernmental Payable	(230)	(1)
Due to Other Funds	845	-
Claims Payable	-	118,700
	176,896	87,501
<i>Total Adjustments</i>		
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$ (1,682,234)	\$ 262,802

See accompanying notes to the basic financial statements

Elyria City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 270,848	\$ 169,137
<i>Total Assets</i>	270,848	169,137
Liabilities		
Accounts Payable	-	5,662
Due to Students	-	163,475
<i>Total Liabilities</i>	-	\$ 169,137
Net Assets		
Held in Trust for Scholarships	270,848	
<i>Total Net Assets</i>	\$ 270,848	

See accompanying notes to the basic financial statements

Elyria City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2005

	Private Purpose Trust
	Scholarship
Additions	
Interest	\$ 834
Other Operating Revenues	13,184
<i>Total Additions</i>	14,018
Deduction	4,000
<i>Change in Net Assets</i>	10,018
<i>Net Assets Beginning of Year</i>	260,830
<i>Net Assets End of Year</i>	\$ 270,848

See accompanying notes to the basic financial statements

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 1 – Summary of Significant Accounting Policies

Reporting Entity: The Elyria City School District (the School District) is a local school district corporation governed by an elected Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the Elyria City School District, this includes general operations, food service and student related activities of the District.

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

The School District is involved with Lake Erie Educational Computer Association (LEECA), which is defined as jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 14.

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

A. Fund Accounting

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

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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

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

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

Enterprise Fund Enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Lunchroom/Cafeteria Fund This fund accounts for the financial transactions related to the food service operations of the School District.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The School District's internal service fund is:

Self-Insurance Fund This fund accounts for monies received from other funds as payment for providing medical, hospitalization, dental, vision, life, or other similar employee health benefits. The self-insurance fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, or other reinsurance or other similar purpose.

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

B. Basis Of Presentation

Government-wide Financial Statements The statement of net assets and statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the School District that are considered business type activities.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues which identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary fund also use the accrual basis of accounting.

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

D. Budgetary Data

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

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amount reported as the final budgeted amount in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2005.

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

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

During fiscal year 2005, the District invested in STAR Ohio, the State Treasurer's Investment Pool. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund amounted to \$381,045, and to other governmental funds amounted to \$4,523 during fiscal year 2005.

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

F. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets may include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. In 2005, there was no budget stabilization reserve. See Note 16 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 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. For the current fiscal year, there were no prepaid items.

H. Inventory

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

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

I. Capital Assets

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

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

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Building and Improvements	20 - 50 years	N/A
Furniture	20 years	20 years
Equipment	5 -15 years	5 - 15 years
Fixtures	20 years	20 years
Vehicles	8 years	N/A
Library and Text Books	6 years	N/A

J. Interfund Balances

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

K. Compensated Absences

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

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

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

For governmental fund financial statements, upon the occurrence of employee resignations and retirements, compensated absences are recognized as liabilities and expenditures to the extent payments come due and payable as of June 30, 2005. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The remaining compensated absences are recorded as long term liabilities on the Statement of Net Assets.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

L. Accrued Liabilities and Long-term Obligations

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

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

M. Interfund Activity

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

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

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

O. Net Assets

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

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

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

R. Estimates

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

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and charges for services for self-insurance programs. Operating expenses are necessary cost occurred to provide the good or service that is the primary activity of the fund.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 3 – Budgetary Basis of Accounting

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

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

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

<u>Net Change in Fund Balance</u>	
Budget Basis	(\$4,812,439)
Net Adjustment for Revenue Accruals	2,277,865
Net Adjustment for Expenditure Accruals	406,337
Adjustment for Encumbrances	<u>(145,896)</u>
GAAP Basis	<u>(\$2,274,133)</u>

Note 4 – Deposits and Investments

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

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

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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

- United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- 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;
- The State Treasurer's investment pool (STAROhio);
- Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

(a) Deposit with Financial Institutions

At June 30, 2005, the carrying amount of the School District's deposit was (\$500,274). The difference in the carrying amount and the bank balance of \$247,901 is caused by outstanding checks. The negative carrying amount is due to the overnight repurchase agreement. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$101,856 was covered by federal depository insurance and \$146,045 was uninsured but pooled using collateral by the financial institution not in the District's name.

(b) Investments

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

	Fair Value	Weighted Average Maturity (Years)
FHMA	\$ 999,711	0.01*
FHLMC DN	1,995,520	0.02*
FHLB	3,967,992	0.17*
STAR Ohio	3,375,023	0.00
Repurchase Agreement	1,035,000	0.00
Total Fair Value	\$ 11,373,246	
Portfolio Weighted Average Maturity		0.20

* - The securities have various call dates. The School District believes no securities will be called.

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

Credit Risk

The School District's investments at June 30, 2005 in FHMA, FHLMC DN, and FHLB are rated AAA by Standard & Poor's. Its investments in Star Ohio are rated AAAM by Standard & Poor's.

Concentration of Credit Risk

The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2005:

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Investment Type	Fair Value	% of Total
FHMA	\$ 999,711	8.79%
FHLMC DN	1,995,520	17.55%
FHLB	3,967,992	34.89%
STAR Ohio	3,375,023	29.68%
Repurchase Agreement	1,035,000	9.10%
Total Fair Value	<u>\$ 11,373,246</u>	

(c) Reconciliation of Cash and Investments to the Financial Statements

The following is a reconciliation of cash and investments as reported in the footnotes above to cash and investments as reported on the financial statements as of June 30, 2005:

Cash and Investments per Footnote	
Carrying amount of deposits	\$ (500,274)
Investments	11,373,246
Total	<u>\$ 10,872,972</u>
Cash and Investments per Financial Statements	
Governmental activities	\$ 10,321,781
Business-type activities	111,206
Fudiciary funds	439,985
Total	<u>\$ 10,872,972</u>

Note 5 – Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. The Lorain County Auditor reappraises real property every six years, which was last completed for 2000. Property tax revenue received during calendar 2005 for real and public utility property taxes represents collections of calendar 2004 taxes. Property tax payments received during calendar 2005 for tangible personal property (other than public utility property) is for calendar 2005 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after April 1, 2005, and are collected in 2005 with real property taxes.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

	2005 First Half Collections		2004 Second Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential and Other Real Estate	\$559,361,640	56.27%	\$562,129,020	56.55%
Commercial and Industrial	253,226,380	25.47	253,226,380	25.47
Public Utility	153,880	0.02	153,880	0.02
Tangible Property:				
Personal Property	149,394,909	15.03	146,627,529	14.75
Public Utility	31,978,290	3.21	31,978,290	3.21
 Total Assessed Value	 <u>\$994,115,099</u>	 <u>100.00%</u>	 <u>\$994,115,099</u>	 <u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$56.48		 \$56.73	

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

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

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the county, including Elyria City School District. The Lorain County Auditor periodically remits to the School District its portion of taxes. Second-half real property tax payments collected by the County by June 30, 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 represent delinquent taxes outstanding and real property, personal property and public utility taxes which became 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 amount available as an advance at June 30 was levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2005, was \$6,147,587, of which \$6,115,975 was available to the general fund, and \$31,612 was available to the bond retirement fund.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 6 – Receivables

Receivables at June 30, 2005, consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), and intergovernmental grants. All receivables are considered collectible in full.

Intergovernmental receivables consisted of the following for grants:

	<u>Amount</u>
<i>Nonmajor Governmental Funds:</i>	
Education Management Information Systems	\$4,476
Summer School	52,271
Miscellaneous State Grants	3,311
Adult Basic Education	92,694
Title VI-B	456,740
Title I	910,869
Title VI	20,376
Drug Free School Grant	6,486
Preschool Handicapped Grant	17,228
Class Size Reduction	279,526
Miscellaneous Federal Grants	<u>522,497</u>
Subtotal:	2,366,475
 <i>Enterprise Fund:</i>	
Lunchroom/Cafeteria	<u>285,123</u>
 Total Intergovernmental Receivable	 <u><u>\$2,651,598</u></u>

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 7 – Interfund Balances

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

	Transfer In	Transfer Out
Major Governmental Fund:		
General	\$1,200,000	(\$1,200,000)
Nonmajor Governmental Funds:		
Permanent Improvement	1,200,000	(1,200,000)

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are not longer required. The above transfer was made inadvertently and subsequently corrected.

B. Due from/to Other Funds

The due from/to other funds consisted of the following at June 30, 2005, as reported on the fund financial statements:

	Due from Other Funds	Due to Other Funds
GASB 34 Focus on Major & Nonmajor		
Major Governmental Fund:		
General	\$0	\$868,127
Nonmajor Governmental Funds:		
Auxiliary Service	0	3,476
Disadvantage Pupil Impact Aid	0	25,514
Alternative School	0	7,165
Title VI-B	0	35,731
Title I	0	27,591
Preschool Handicapped Grant	0	1,644
Class Size Reduction	0	9,321
Total Nonmajor Governmental Funds	0	110,442
Enterprise Fund:		
Lunchroom/Cafeteria	0	31,219
Internal Service Fund:		
Self-Insurance	1,009,788	0

The primary purpose of the due from/to other funds is to account for the insurance premiums were due to the self-insurance fund by June 30.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 8 – Capital Assets

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

	Balance 7/1/2004	Addition	Deletion	Balance 6/30/2005
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 588,160	\$ -	\$ -	\$ 588,160
<i>Total Capital Assets, not being depreciated:</i>	<u>588,160</u>	<u>-</u>	<u>-</u>	<u>588,160</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,913,456	-	-	1,913,456
Buildings and Improvements	23,888,266	-	-	23,888,266
Furniture, Equipment and Fixtures	7,850,537	206,282	(3,136)	8,053,683
Vehicles	668,033	-	-	668,033
Library and Textbooks	1,679,422	-	-	1,679,422
<i>Total Capital Assets, being depreciated:</i>	<u>35,999,714</u>	<u>206,282</u>	<u>(3,136)</u>	<u>36,202,860</u>
Less Accumulated Depreciation:				
Land Improvements	(1,368,185)	(37,699)	-	(1,405,884)
Buildings and Improvements	(22,054,912)	(158,840)	-	(22,213,752)
Furniture, Equipment, and Fixtures	(5,673,837)	(945,489)	467	(6,618,859)
Vehicles	(649,359)	(5,758)	-	(655,117)
Library and Textbooks	(1,676,220)	(2,135)	-	(1,678,355)
<i>Total Accumulated Depreciation</i>	<u>(31,422,513)</u>	<u>(1,149,921)</u>	<u>467</u>	<u>(32,571,967)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>4,577,201</u>	<u>(943,639)</u>	<u>(2,669)</u>	<u>3,630,893</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,165,361</u>	<u>\$ (943,639)</u>	<u>\$ (2,669)</u>	<u>\$ 4,219,053</u>
Business-Type Activities				
Furniture, Equipment and Fixtures	\$ 525,220	\$ 1,127	\$ -	\$ 526,347
Less Accumulated Depreciation	<u>(340,133)</u>	<u>(30,333)</u>	<u>-</u>	<u>(370,466)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 185,087</u>	<u>\$ (29,206)</u>	<u>\$ -</u>	<u>\$ 155,881</u>

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 715,709
Special	831
Vocational	4,849
Adult	551
Support Services:	
Pupil	14,219
Instructional Staff	111,825
Administration	60,205
Fiscal	535
Pupil Transportation	13,718
Central	198,620
Operationg of Non-instructional Services	5,466
Extracurricular Activities	23,393
Total Depreciation Expense	\$ 1,149,921

By terms of agreement, the West River Branch Building of the Elyria Public Library, is included in the capital assets of Elyria City School District. The cost of \$3,374,395 for this asset will be carried on the District records until the year of 2006. At that time, the bonded debt for the Library construction will be paid off and the title to the Library building will be transferred to the Elyria Public Library.

Note 9 – Leases

Capital Leases The School District is a party to lease agreements as lessee for financing the acquisition of communication equipment and photocopiers. The lease agreements qualified as future minimum leases for accounting purposes and, therefore, were recorded at the present values of the future minimum lease payments as of the inception dates in the government-wide statements.

The gross amount of assets acquired under capital leases by major assets class was \$461,502.

The future minimum lease obligations and the net present values of these minimum lease payments as of June 30, 2005, were as follow:

Year Ending June 30,	
2006	\$51,895
2007	25,855
Total Minimum Lease Payments	77,750
Less: Amount Representing Interest	(6,583)
Present Value of Minimum Lease Payment	\$71,167

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 10 – Long-term liabilities

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

	Principal Outstanding 7/1/2004	Additions	Reductions	Principal Outstanding 6/30/2005	Amounts Due in One Year
Governmental Activities					
1992 Library Construction Bonds	\$ 720,000	-	(350,000)	\$ 370,000	\$ 370,000
Capital Leases	139,216	-	(68,049)	71,167	46,391
Compensated Absences	3,793,728	2,673,421	(1,213,113)	5,254,036	584,539
Total Governmental Activities Long-Term Liabilities	<u>\$ 4,652,944</u>	<u>2,673,421</u>	<u>(1,631,162)</u>	<u>\$ 5,695,203</u>	<u>\$ 1,000,930</u>

Outstanding bonds were issued to provide funds for the acquisition and construction of equipment and facilities and are general obligations of the School District for which its full faith, credit and resources are pledged for repayment. Accordingly, obligations resulting from bond indebtedness are represented within the governmental activities.

Annual requirements to amortize all bonds outstanding on the June 30, 2005, including interest payments, are as follow:

Fiscal Year	Principal	Interest	Total
2006	<u>\$370,000</u>	<u>\$11,655</u>	<u>\$381,655</u>

Note 11 – Risk Management

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. For fiscal year 2005 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by Indiana Insurance Company with \$5,000,000 aggregate limit.

Vehicles are covered by Indiana Insurance Company. Automobile liability has \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past several years. The School District did not reduce their limit if liability in the current year.

The Board President and the Superintendent are covered with surety bonds for \$50,000 with Westfield Ohio Farmers. The Treasurer is covered by a surety bond in the amount of \$50,000. This bond is with Ohio Farmers Insurance Company.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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

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

The School District has established a medical self-insurance fund for School District employees and their covered dependents, in order to minimize the annual cost of medical insurance. The program is administered by the School District and is assisted by an outside third-party administrator. At year end, self-insurance was in effect with stop loss of \$75,000 per member and an aggregate stop-loss of \$4,172,437 for medical claims. Excess losses are insured by the Medical Mutual of Ohio plan.

Self-insurance for liability exposure is maintained in an internal service fund. The internal service fund is responsible for collecting interfund premiums from funds having payroll expenditures. The internal service fund is also responsible for paying claim settlements and administrative fees as invoiced by the Medical Mutual of Ohio plan as well as Advanced PCS, which administers the prescription plan.

The claims liability is \$1,133,400 reported in the self-insurance fund at June 30, 2005 is based on the liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims. The amount was based on an estimate provided by the third-party administrator. The change in the liability for the last two years is presented in the following table.

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2004	\$915,000	\$6,062,760	\$5,963,060	\$1,014,700
2005	\$1,014,700	\$6,462,195	\$6,343,495	\$1,133,400

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 12 – Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees System of Ohio (SERS), a cost-sharing multiple employer defined pension system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Board Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on SERS' website, www.ohsers.org, under forms and publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 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 of annual covered salary was the portion use 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 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 \$1,720,654, \$1,424,124, and \$1,355,184, respectively; 51.69 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. \$889,407 representing the unpaid contribution for fiscal year 2005 is recorded as a liability.

B. State Teachers Retirement System

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2005, plan members are required to contribute 10 percent of their annual covered salaries and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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 STRS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$5,208,420, \$5,111,471, and \$4,838,292, respectively; 82.26 percent has been contributed for fiscal year 2005 and 100 percent for the fiscal years 2004 and 2003. \$906,379 representing the unpaid contribution for fiscal year 2005 is recorded as a liability.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement/State Teachers Retirement System. As of June 30, 2005, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

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 partial 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 funded 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 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 cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2005 and June 30, 2004, the board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$372,030 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.3 billion at June 30, 2005, and eligible benefit recipients totaled 115,395 and net health care costs paid by STRS were \$254,780,000.

For the School Employees Retirement System (SERS), coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. For this fiscal year, employer contributions to fund health care benefits were 3.43% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care plan. For the School District, the amount of employer contributions used to fund health care equaled \$512,303, which includes a surcharge during the 2005 fiscal year.

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 14 – Jointly Governed Organizations

Lake Erie Educational Computer Association The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of the computers and other electronic equipment to administrative and instructional functions among districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, and the chairman of each of the operating committees, and at least one Assembly member from each county in which the participating school districts are located.

Financial information can be obtained by writing the Treasurer at the Educational Service Center of Lorain County, 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2005, the School District contributed \$263,810 to LEECA.

Note 15 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

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

B. School Funding Decision

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

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

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

Note 16 – Set-Aside Requirements

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

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

	Textbooks	Capital Improvement	Total
Set-aside balance as of June 30, 2004	\$0	\$0	\$0
Current year set-aside requirement	571,996	571,996	1,143,992
Qualifying expenditures	(1,200,324)	(2,026,291)	(3,226,615)
Totals	(\$628,328)	(\$1,454,295)	(\$2,082,623)
 Cash balance carried forward to FY 2006	 \$0	 \$0	 \$0

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirements in future fiscal years, but the School District chose not to carry this balance forward.

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

Note 17 – Accountability and Compliance

A. Fund Deficits

Fund balances at June 30, 2005 include the following individual fund deficits:

Funds	Deficit Fund Balance
Nonmajor Special Revenue Funds:	
Entry Year Teacher	\$245
Disadvantaged Pupil Impact Aid	198,800
Alternative School	35,901
Title VI-B	13,144
Preschool Handicapped Grant	5,539
Nonmajor Capital Projects Fund:	
Federal Emergency Repair Program	1,438

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005

The fund deficit in all funds is the result of the recognition of liabilities in accordance with general accepted accounting principles. Management is analyzing the operations of these funds to determine appropriate steps to eliminate the deficits.

B. Legal Compliance

- Various funds in special revenue funds had total available resources below the current level of appropriations, contrary to Ohio Revised Code §5705.39.
- The School District did not properly encumber certain transactions during the year, contrary to Ohio Revised Code §5705.41(D). The result caused various funds in special revenue funds had negative budgetary fund balance.

Note 18 – Restatement of Fund Balances and Net Assets

Restatement of Fund Balances For the fiscal year 2005, the School District has implemented GASB Statement No. 40, “Deposits and Investment Risk Disclosures” and GASB Technical Bulletin No. 2004-02, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.” The implementation of GASB 40 had no effect on the financial statement presentation. The implementation of GASB Technical Bulletin No. 2004-02 had the following effect on the fund balances of the following funds of School District as they were previously reported.

	<u>Ending Fund Balance at June 30, 2004</u>	<u>Restated Liabilities</u>	<u>Beginning Fund Balance at July 1, 2004</u>
Major Governmental Fund:			
General	\$ 4,388,352	\$ (475,122)	\$ 3,913,230
Nonmajor Special Revenue Funds	\$ 4,084,727	\$ (63,008)	\$ 4,021,719

Restatement of Net Assets In fiscal year 2005, the School District discovered a capital lease had not been reported during the prior year. It had the following effect on the net assets of the governmental activities of the School District as they were previously reported.

	<u>Governmental Activities</u>
Fund Balances at June 30, 2004	\$ 15,254,463
Restated Liabilities	<u>(71,276)</u>
Fund Balances at July 1, 2004	<u><u>\$ 15,183,187</u></u>

Elyria City School District

Combining Statements and Individual Fund Schedules

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Elyria City School District

Combining Statements – Nonmajor Funds

Nonmajor Special Revenue Funds

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

Uniform School Supplies Fund This fund accounts for financial activity related to the purchase and sale of school supplies as adopted by the board of education for use within the School District.

Rotary Fund This fund accounts for all revenues and expenses related to the following activities: high school bookstore, evening school, summer school, and safety town.

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

Local Grants Fund This fund accounts for proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specific purposes.

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

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

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

Public School Preschool Fund This fund accounts for State monies used to assist the School District paying the cost of preschool programs for three and four year olds.

Entry Year Teacher Fund This fund accounts for stipends given to the mentor teachers.

Disadvantaged Pupil Impact Aid Fund This fund accounts for State monies received for disadvantaged pupils.

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

Elyria City School District

Nonmajor Special Revenue Funds

(continued)

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

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

Alternative School Fund This fund accounts for monies used for alternative education for new and existing at risk and delinquent youths.

Summer School A fund to permit school districts to establish summer school remediation programs that serve as an extension of the regular school year for those students requiring remedial work prior to the beginning of the next school year.

Miscellaneous State Grants Fund This fund accounts for small miscellaneous grants from the State government.

Adult Basic Education Fund This fund accounts for Federal monies used for instructional programs for persons sixteen years of age and older who are not enrolled in school and who have less than a twelfth-grade education.

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

Title III Fund This fund accounts for Federal monies, which support the program of English as second language.

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

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

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

Preschool Handicapped Grant Fund This fund accounts for Federal monies, which provide for the cost of developing a public school preschool for handicapped and non-handicapped children.

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

Elyria City School District

Nonmajor Special Revenue Funds

(continued)

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

Nonmajor Debt Service Fund

Debt Service Fund is used to account for the accumulation of resources for the payment of long-term debt principal, interest, and fiscal charges. The only debt service fund for the School District is Bond Retirement Fund.

Nonmajor Capital Projects Funds

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

Permanent Improvement Fund This fund accounts for all transaction related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5707, Revised Code.

Capital Building Fund This fund accounts for monies to be used for building improvements.

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

Federal Emergency Repair Program Fund This fund accounts for Federal monies to be used for building repair.

Elyria City School District

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,246,265	\$ 329,415	\$ 1,690,186	\$ 3,265,866
Receivables:				
Taxes	-	128,593	-	128,593
Accounts	-	-	100	100
Intergovernmental	2,366,475	-	-	2,366,475
<i>Total Assets</i>	<u>3,612,740</u>	<u>458,008</u>	<u>1,690,286</u>	<u>5,761,034</u>
Liabilities:				
Accounts Payable	439,134	-	44,646	483,780
Accrued Wages and Benefits	604,361	-	-	604,361
Compensated Absences Payable	2,475	-	-	2,475
Pension Obligation Payable	186,203	-	-	186,203
Interfund Payable	121,699	-	1,438	123,137
Due to Other Funds	110,442	-	-	110,442
Intergovernmental Payable	37,853	-	-	37,853
Deferred Revenue	1,290,687	96,981	-	1,387,668
<i>Total Liabilities</i>	<u>2,792,854</u>	<u>96,981</u>	<u>46,084</u>	<u>2,935,919</u>
Fund Balance:				
Reserved for Encumbrances	143,634	-	140,298	283,932
Reserved for Property Taxes	-	31,612	-	31,612
Reserved for Debt Service	-	329,415	-	329,415
Unreserved:				
Undesignated	676,252	-	1,503,904	2,180,156
<i>Total Fund Balance</i>	<u>819,886</u>	<u>361,027</u>	<u>1,644,202</u>	<u>2,825,115</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 3,612,740</u>	<u>\$ 458,008</u>	<u>\$ 1,690,286</u>	<u>\$ 5,761,034</u>

Elyria City School District

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

For the Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ 165,680	\$ -	\$ 165,680
Intergovernmental	9,085,538	17,348	72,135	9,175,021
Interest	4,523	-	-	4,523
Extracurricular Activities	240,950	-	-	240,950
Classroom Materials and Fees	164,623	-	-	164,623
Miscellaneous	319,166	-	-	319,166
Total Revenues	<u>9,814,800</u>	<u>183,028</u>	<u>72,135</u>	<u>10,069,963</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,420,413	-	15,129	1,435,542
Special	2,653,731	-	-	2,653,731
Adult/Continuing	71,619	-	-	71,619
Support Services:				
Pupils	814,760	-	-	814,760
Instructional Staff	2,311,578	-	-	2,311,578
Administration	906,528	-	-	906,528
Fiscal	30,285	2,457	-	32,742
Business	141	-	-	141
Operation and Maintenance of Plant	-	-	94,720	94,720
Pupil Transportation	91,798	-	-	91,798
Central	245,058	-	102,816	347,874
Operation of Non-Instructional Services	1,396,192	-	-	1,396,192
Extracurricular Activities	387,360	-	-	387,360
Capital Outlay	-	-	337,822	337,822
Debt Service:				
Principal Retirement	-	350,000	-	350,000
Interest and Fiscal Charges	-	34,160	-	34,160
Total Expenditures	<u>10,329,463</u>	<u>386,617</u>	<u>550,487</u>	<u>11,266,567</u>
Excess of Revenues Over (Under) Expenditures	(514,663)	(203,589)	(478,352)	(1,196,604)
Other Financing Sources (Uses):				
Transfers In	-	-	1,200,000	1,200,000
Transfers Out	-	-	(1,200,000)	(1,200,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(514,663)	(203,589)	(478,352)	(1,196,604)
Fund Balance (Deficit) at Beginning of Year, Restated (See Note 18)	<u>1,334,549</u>	<u>564,616</u>	<u>2,122,554</u>	<u>4,021,719</u>
Fund Balance (Deficit) at End of Year	<u>\$ 819,886</u>	<u>\$ 361,027</u>	<u>\$ 1,644,202</u>	<u>\$ 2,825,115</u>

Elyria City School District

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2005

	Uniform School Supplies	Rotary	Public School Support	Local Grants
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 263,850	\$ 104,573	\$ 157,504	\$ 25,085
Receivables:				
Intergovernmental	-	-	-	-
Total Assets	<u>263,850</u>	<u>104,573</u>	<u>157,504</u>	<u>25,085</u>
Liabilities:				
Accounts Payable	48,682	-	5,510	-
Accrued Wages and Benefits	-	-	-	-
Compensated Absences Payable	-	-	-	-
Pension Obligation Payable	-	-	-	196
Interfund Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Intergovernmental Payable	-	112	-	5
Deferred Revenue	-	-	-	-
Total Liabilities	<u>48,682</u>	<u>112</u>	<u>5,510</u>	<u>201</u>
Fund Balance:				
Reserved for Encumbrances	3,473	70	9,792	205
Unreserved:				
Undesignated	<u>211,695</u>	<u>104,391</u>	<u>142,202</u>	<u>24,679</u>
Total Fund Balance	<u>215,168</u>	<u>104,461</u>	<u>151,994</u>	<u>24,884</u>
Total Liabilities and Fund Balance	<u>\$ 263,850</u>	<u>\$ 104,573</u>	<u>\$ 157,504</u>	<u>\$ 25,085</u>

<u>Athletic and Music</u>	<u>Auxiliary Services</u>	<u>Education Management Information System</u>	<u>Public School Preschool</u>	<u>Entry Year Teacher</u>	<u>Disadvantaged Pupil Impact Aid</u>	<u>Data Communication</u>
\$ 173,014	\$ 134,986	\$ 47,662	\$ -	\$ -	\$ 52,449	\$ 42,232
-	-	4,476	-	-	-	-
<u>173,014</u>	<u>134,986</u>	<u>52,138</u>	<u>-</u>	<u>-</u>	<u>52,449</u>	<u>42,232</u>
-	64,917	33	-	-	3,230	4,079
-	18,754	853	-	-	175,624	1,492
-	-	-	-	-	-	-
-	6,388	993	-	-	36,897	1,743
-	-	-	-	-	-	-
-	3,476	-	-	-	25,514	-
-	2,284	75	-	245	9,984	153
-	-	-	-	-	-	-
-	95,819	1,954	-	245	251,249	7,467
3,932	43,820	-	-	-	-	-
<u>169,082</u>	<u>(4,653)</u>	<u>50,184</u>	<u>-</u>	<u>(245)</u>	<u>(198,800)</u>	<u>34,765</u>
<u>173,014</u>	<u>39,167</u>	<u>50,184</u>	<u>-</u>	<u>(245)</u>	<u>(198,800)</u>	<u>34,765</u>
<u>\$ 173,014</u>	<u>\$ 134,986</u>	<u>\$ 52,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,449</u>	<u>\$ 42,232</u>

(Continued)

Elyria City School District

Combining Balance Sheet
Nonmajor Special Revenue Funds - (continued)

June 30, 2005

	SchoolNet Professional Development	Ohio Reads Grant	Summer School	Alternative School
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,208	\$ 45,652	\$ 32,157	\$ 11,799
Receivables:				
Intergovernmental	-	-	52,271	-
Total Assets	1,208	45,652	84,428	11,799
Liabilities:				
Accounts Payable	6	45,574	31,306	59
Accrued Wages and Benefits	-	-	-	29,954
Compensated Absences Payable	-	-	-	-
Pension Obligation Payable	-	-	4,010	8,999
Interfund Payable	-	-	-	-
Due to Other Funds	-	-	-	7,165
Intergovernmental Payable	17	-	184	1,523
Deferred Revenue	-	-	-	-
Total Liabilities	23	45,574	35,500	47,700
Fund Balance:				
Reserved for Encumbrances	-	2	791	-
Unreserved:				
Undesignated	1,185	76	48,137	(35,901)
Total Fund Balance	1,185	78	48,928	(35,901)
Total Liabilities and Fund Balance	\$ 1,208	\$ 45,652	\$ 84,428	\$ 11,799

Miscellaneous State Grants	Adult Basic Education	Title VI-B	Title III	Title I	Title VI	Drug Free School Grant
\$ 11,482	\$ 1,412	\$ 47,384	\$ -	\$ 8,478	\$ 25,298	\$ 1
<u>3,312</u>	<u>92,694</u>	<u>456,740</u>	<u>-</u>	<u>910,869</u>	<u>20,376</u>	<u>6,486</u>
<u>14,794</u>	<u>94,106</u>	<u>504,124</u>	<u>-</u>	<u>919,347</u>	<u>45,674</u>	<u>6,487</u>
1,228	328	74,549	-	98,255	11,276	144
-	91	116,571	-	195,476	-	-
-	-	-	-	2,475	-	-
-	2,732	58,766	-	41,585	-	-
-	-	10,961	-	78,394	-	6,293
-	-	35,731	-	27,591	-	-
25	646	8,241	-	10,728	-	-
<u>3,312</u>	<u>80,679</u>	<u>212,449</u>	<u>-</u>	<u>381,210</u>	<u>20,376</u>	<u>-</u>
<u>4,565</u>	<u>84,476</u>	<u>517,268</u>	<u>-</u>	<u>835,714</u>	<u>31,652</u>	<u>6,437</u>
2,029	-	29,496	-	19,250	19,035	32
<u>8,200</u>	<u>9,630</u>	<u>(42,640)</u>	<u>-</u>	<u>64,383</u>	<u>(5,013)</u>	<u>18</u>
<u>10,229</u>	<u>9,630</u>	<u>(13,144)</u>	<u>-</u>	<u>83,633</u>	<u>14,022</u>	<u>50</u>
<u>\$ 14,794</u>	<u>\$ 94,106</u>	<u>\$ 504,124</u>	<u>\$ -</u>	<u>\$ 919,347</u>	<u>\$ 45,674</u>	<u>\$ 6,487</u>

(Continued)

Elyria City School District

Combining Balance Sheet
Nonmajor Special Revenue Funds - (continued)

June 30, 2005

	Preschool Handicapped Grant	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 105	\$ 42,691	\$ 17,243	\$ 1,246,265
Receivables:				
Intergovernmental	17,228	279,526	522,497	2,366,475
Total Assets	17,333	322,217	539,740	3,612,740
Liabilities:				
Accounts Payable	133	24,433	25,392	439,134
Accrued Wages and Benefits	6,684	58,862	-	604,361
Compensated Absences Payable	-	-	-	2,475
Pension Obligation Payable	10,578	13,085	231	186,203
Interfund Payable	3,489	-	22,562	121,699
Due to Other Funds	1,644	9,321	-	110,442
Intergovernmental Payable	344	2,785	502	37,853
Deferred Revenue	-	130,112	462,549	1,290,687
Total Liabilities	22,872	238,598	511,236	2,792,854
Fund Balance:				
Reserved for Encumbrances	-	6	11,701	143,634
Unreserved:				
Undesignated	(5,539)	83,613	16,803	676,252
Total Fund Balance	(5,539)	83,619	28,504	819,886
Total Liabilities and Fund Balance	\$ 17,333	\$ 322,217	\$ 539,740	\$ 3,612,740

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Elyria City School District

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

For the Year Ended June 30, 2005

	Uniform School Supplies	Rotary	Public School Support	Local Grants
Revenues:				
Intergovernmental	-	-	\$ -	\$ -
Interest	-	-	-	-
Extracurricular Activities	-	-	108,517	-
Classroom Materials and Fees	164,623	-	-	-
Miscellaneous	-	52,398	134,538	46,284
Total Revenues	164,623	52,398	243,055	46,284
Expenditures:				
Current:				
Instruction:				
Regular	215,779	19,974	-	4,692
Special	16,756	-	-	-
Adult	-	-	-	-
Support Services:				
Pupils	-	-	-	27,073
Instructional Staff	-	8,024	-	10,172
Administration	-	-	-	-
Fiscal	-	-	-	-
Business	-	-	-	-
Pupil Transportation	-	-	-	-
Central	-	141	-	-
Operation of Non-Instructional Services	-	1,379	-	-
Extracurricular Activities	-	-	218,947	15,727
Total Expenditures	232,535	29,518	218,947	57,664
Net Changes in Fund Balances	(67,912)	22,880	24,108	(11,380)
Fund Balance (Deficit) at the Beginning of Year, Restated (See Note 18)	283,080	81,581	127,886	36,264
Fund Balance (Deficit) at the End of the Year	215,168	104,461	\$ 151,994	\$ 24,884

Athletic and Music	Auxiliary Services	Education Management Information System	Public School Preschool	Entry Year Teacher	Disadvantaged Pupil Impact Aid	Data Communication
\$ -	\$ 1,124,650	\$ 29,127	\$ 83,010	\$ 27,896	\$ 1,796,982	\$ 59,793
-	4,523	-	-	-	-	-
132,433	-	-	-	-	-	-
-	-	-	-	-	-	-
72,289	-	-	-	-	-	-
<u>204,722</u>	<u>1,129,173</u>	<u>29,127</u>	<u>83,010</u>	<u>27,896</u>	<u>1,796,982</u>	<u>59,793</u>
-	-	-	-	-	975,798	-
-	-	-	59,134	28,742	6,063	-
-	-	-	-	-	-	-
-	-	-	500	-	311,565	-
-	-	-	14,580	-	132,679	-
-	-	-	8,796	-	298,247	-
30,285	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	40,858	-	-	-	196,644
-	1,265,838	-	-	-	-	-
<u>152,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>182,971</u>	<u>1,265,838</u>	<u>40,858</u>	<u>83,010</u>	<u>28,742</u>	<u>1,724,352</u>	<u>196,644</u>
21,751	(136,665)	(11,731)	-	(846)	72,630	(136,851)
<u>151,263</u>	<u>175,832</u>	<u>61,915</u>	<u>-</u>	<u>601</u>	<u>(271,430)</u>	<u>171,616</u>
<u>\$ 173,014</u>	<u>\$ 39,167</u>	<u>\$ 50,184</u>	<u>\$ -</u>	<u>\$ (245)</u>	<u>\$ (198,800)</u>	<u>\$ 34,765</u>

(Continued)

Elyria City School District

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

For the Year Ended June 30, 2005

	SchoolNet Professional Development	Ohio Reads Grant	Summer School	Alternative School	Miscellaneous State Grants
Revenues:					
Intergovernmental	\$ 6,750	\$ 128,490	\$ 157,221	230,180	\$ 67,654
Interest	-	-	-	-	-
Extracurricular Activities	-	-	-	-	-
Classroom Materials and Fees	-	-	-	-	-
Miscellaneous	-	-	-	-	6,625
Total Revenues	6,750	128,490	157,221	230,180	74,279
Expenditures:					
Current:					
Instruction:					
Regular	-	-	-	103,965	500
Special	-	85,407	121,204	-	-
Adult	-	-	-	-	-
Support Services:					
Pupils	-	-	-	-	72,375
Instructional Staff	-	62,552	-	38,199	4,552
Administration	-	-	3,164	98,743	6,574
Fiscal	-	-	-	-	-
Business	-	-	-	-	141
Pupil Transportation	-	-	-	-	-
Central	7,415	-	-	-	-
Operation of Non-Instructional Services	-	-	-	-	-
Extracurricular Activities	-	-	-	-	-
Total Expenditures	7,415	147,959	124,368	240,907	84,142
Net Changes in Fund Balances	(665)	(19,469)	32,853	(10,727)	(9,863)
Fund Balance (Deficit) at the Beginning of Year, Restated (See Note 18)	1,850	19,547	16,075	(25,174)	20,092
Fund Balance (Deficit) at the End of the Year	\$ 1,185	\$ 78	\$ 48,928	(35,901)	\$ 10,229

Adult Basic Education	Title VI-B	Title III	Title I	Title VI	Drug Free School Grant
\$ 150,121	\$ 1,893,385	\$ 4,592	\$ 2,300,595	\$ 95,382	\$ 56,779
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
150,121	1,893,385	4,592	2,300,595	95,382	56,779
-	71,217	-	3,823	-	-
-	201,148	-	1,666,199	19,550	-
71,619	-	-	-	-	-
-	277,623	4,592	27,723	-	56,586
87,176	1,036,329	-	593,812	79,202	-
2,737	224,760	-	162,587	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	11,470	-	76,703	-	-
-	-	-	-	-	-
-	101,322	-	20,003	7,506	144
-	-	-	-	-	-
161,532	1,923,869	4,592	2,550,850	106,258	56,730
(11,411)	(30,484)	-	(250,255)	(10,876)	49
21,041	17,340	-	333,888	24,898	1
\$ 9,630	\$ (13,144)	\$ -	\$ 83,633	\$ 14,022	\$ 50

(Continued)

Elyria City School District

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

For the Year Ended June 30, 2005

	Preschool Handicapped Grant	Class Size Reduction	Miscellaneous Federal Grants	Total Non-major Special Revenue Funds
Revenues:				
Intergovernmental	\$ 84,536	\$ 531,704	\$ 256,691	\$ 9,085,538
Interest	-	-	-	4,523
Extracurricular Activities	-	-	-	240,950
Classroom Materials and Fees	-	-	-	164,623
Miscellaneous	-	-	7,032	319,166
Total Revenues	84,536	531,704	263,723	9,814,800
Expenditures:				
Current:				
Instruction:				
Regular	-	-	24,665	1,420,413
Special	2,267	447,261	-	2,653,731
Adult	-	-	-	71,619
Support Services:				
Pupils	-	-	36,723	814,760
Instructional Staff	33,079	56,253	154,969	2,311,578
Administration	46,660	-	54,260	906,528
Fiscal	-	-	-	30,285
Business	-	-	-	141
Pupil Transportation	-	-	3,625	91,798
Central	-	-	-	245,058
Operation of Non-Instructional Services	-	-	-	1,396,192
Extracurricular Activities	-	-	-	387,360
Total Expenditures	82,006	503,514	274,242	10,329,463
Net Changes in Fund Balances	2,530	28,190	(10,519)	(514,663)
Fund Balance (Deficit) at the Beginning of Year, Restated (See Note 18)	(8,069)	55,429	39,023	1,334,549
Fund Balance (Deficit) at the End of the Year	\$ (5,539)	\$ 83,619	\$ 28,504	\$ 819,886

Elyria City School District

Combining Balance Sheet
Capital Projects Funds

June 30, 2005

	Permanent Improvement	Capital Building	SchoolNet Plus	Federal Emergency Repair Program	Total Non-major Capital Projects Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 1,689,938	\$ 53	\$ 195	\$ -	\$ 1,690,186
Receivables:					
Accounts	100	-	-	-	100
Total Assets	<u>1,690,038</u>	<u>53</u>	<u>195</u>	<u>-</u>	<u>1,690,286</u>
Liabilities:					
Accounts Payable	44,646	-	-	-	44,646
Interfund Payable	-	-	-	1,438	1,438
Total Liabilities	<u>44,646</u>	<u>-</u>	<u>-</u>	<u>1,438</u>	<u>46,084</u>
Fund Balance:					
Reserved for Encumbrances	132,711	-	577	7,010	140,298
Unreserved:					
Undesignated	1,512,681	53	(382)	(8,448)	1,503,904
Total Fund Balance	<u>1,645,392</u>	<u>53</u>	<u>195</u>	<u>(1,438)</u>	<u>1,644,202</u>
Total Liabilities and Fund Balance	<u>\$ 1,690,038</u>	<u>\$ 53</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 1,690,286</u>

Elyria City School District

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Capital Projects Funds

For the Year Ended June 30, 2005

	Permanent Improvement	Capital Building	SchoolNet Plus	Federal Emergency Repair Program	Total Non-major Capital Projects Funds
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 72,135	\$ -	\$ 72,135
Total Revenues	<u>-</u>	<u>-</u>	<u>72,135</u>	<u>-</u>	<u>72,135</u>
Expenditures:					
Current:					
Instruction:					
Regular	15,129	-	-	-	15,129
Support Services:					
Operation and Maintenance of Plant	86,272	-	-	8,448	94,720
Central	30,302	-	72,514	-	102,816
Capital Outlay	<u>337,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,822</u>
Total Expenditures	<u>469,525</u>	<u>-</u>	<u>72,514</u>	<u>8,448</u>	<u>550,487</u>
Excess of Revenues Over (Under) Expenditures	(469,525)	-	(379)	(8,448)	(478,352)
Other Financing Sources (Uses):					
Transfers In	1,200,000	-	-	-	1,200,000
Transfers Out	<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(469,525)	-	(379)	(8,448)	(478,352)
Fund Balance (Deficit) at the Beginning of Year, Restated (See Note 20)	<u>2,114,917</u>	<u>53</u>	<u>574</u>	<u>7,010</u>	<u>2,122,554</u>
Fund Balance (Deficit) at the End of Year	<u>\$ 1,645,392</u>	<u>\$ 53</u>	<u>\$ 195</u>	<u>\$ (1,438)</u>	<u>\$ 1,644,202</u>

Elyria City School District

Combining Statement of Change in Assets and Liabilities
Agency Fund

For the Year Ended June 30, 2005

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Student Activities				
Assets:				
Cash and Cash Equivalents	\$ 198,847	381,701	(411,411)	\$ 169,137
Total Assets	<u>\$ 198,847</u>	<u>381,701</u>	<u>(411,411)</u>	<u>\$ 169,137</u>
Liabilities:				
Accounts Payable	\$ 3,580	5,662	(3,580)	\$ 5,662
Due to Students	195,267	411,411	(443,203)	163,475
Total Liabilities	<u>\$ 198,847</u>	<u>417,073</u>	<u>(446,783)</u>	<u>\$ 169,137</u>

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Elyria City School District

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

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Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Uniform School Supplies Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Classroom Materials and Fees	\$ 249,803	\$ 166,496	\$ (83,307)
Total Revenues	249,803	166,496	(83,307)
<u>Expenditures:</u>			
Instruction:			
Regular	422,306	256,305	166,001
Special	31,559	22,215	9,344
Total Expenditures	453,865	278,520	175,345
Net Change in Fund Balance	(204,062)	(112,024)	92,038
Fund Balance/(Deficit) at the Beginning of Year	267,928	267,928	-
Prior year encumbrances appropriated	55,790	55,790	-
Fund Balance/(Deficit) at the End of Year	\$ 119,656	\$ 211,694	\$ 92,038

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Rotary Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Miscellaneous	\$ 75,907	\$ 52,398	\$ (23,509)
Total Revenues	75,907	52,398	(23,509)
<u>Expenditures:</u>			
Instruction:			
Regular	68,157	25,777	42,380
Adult			-
Support Services:			
Instructional Staff	18,041	8,024	10,017
Central	2,886	141	2,745
Operation of Non-Instructional Services	4,149	1,379	2,770
Total Expenditures	93,233	35,321	57,912
Net Change in Fund Balance	(17,326)	17,077	34,403
Fund Balance/(Deficit) at the Beginning of Year	74,463	74,463	-
Prior year encumbrances appropriated	12,961	12,961	-
Fund Balance/(Deficit) at the End of Year	\$ 70,098	\$ 104,501	\$ 34,403

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Extracurricular Activities	\$ 82,586	\$ 114,027	\$ 31,441
Miscellaneous	95,927	134,538	38,611
Total Revenues	178,513	248,565	70,052
<u>Expenditures:</u>			
Extracurricular Activities	233,980	233,980	-
Total Expenditures	233,980	233,980	-
Net Change in Fund Balance	(55,467)	14,585	70,052
Fund Balance/(Deficit) at the Beginning of Year	116,181	116,181	-
Prior year encumbrances appropriated	11,666	11,666	-
Fund Balance/(Deficit) at the End of Year	<u>\$ 72,380</u>	<u>\$ 142,432</u>	<u>\$ 70,052</u>

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Local Grants Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Miscellaneous	\$ 24,053	\$ 46,284	\$ 22,231
Total Revenues	24,053	46,284	22,231
<u>Expenditures:</u>			
Instruction:			
Regular	4,751	4,751	-
Support Services:			
Pupils	27,923	27,625	298
Instructional Staff	11,126	10,078	1,048
Extracurricular Activities	16,655	15,761	894
Total Expenditures	60,455	58,215	2,240
Net Change in Fund Balance	(36,402)	(11,931)	24,471
Fund Balance/(Deficit) at the Beginning of Year	35,973	35,973	-
Prior year encumbrances appropriated	841	841	-
Fund Balance/(Deficit) at the End of Year	\$ 412	\$ 24,883	\$ 24,471

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Athletics Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Extracurricular Activities	\$ 95,468	\$ 132,433	\$ 36,965
Miscellaneous	43,834	72,289	28,455
Total Revenues	139,302	204,722	65,420
<u>Expenditures:</u>			
Support Services:			
Fiscal	31,000	30,285	715
Extracurricular Activities	238,749	156,833	81,916
Total Expenditures	269,749	187,118	82,631
Excess of Revenues Over/ (Under) Expenditures	(130,447)	17,604	148,051
<u>Other Financing Sources/(Uses):</u>			
Refund of Prior Year Expenditures	-	215	215
Total Other Financing Sources/(Uses)	-	215	215
Net Change in Fund Balance	(130,447)	17,819	148,266
Fund Balance/(Deficit) at the Beginning of Year	148,292	148,292	-
Prior year encumbrances appropriated	2,970	2,970	-
Fund Balance/(Deficit) at the End of Year	\$ 20,815	\$ 169,081	\$ 148,266

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Auxiliary Services Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 1,231,243	\$ 1,124,710	\$ (106,533)
Interest	5,045	4,523	(522)
Total Revenues	1,236,288	1,129,233	(107,055)
<u>Expenditures:</u>			
Operation of Non-Instructional Services	1,348,349	1,348,349	-
Total Expenditures	1,348,349	1,348,349	-
Net Change in Fund Balance	(112,061)	(219,116)	(107,055)
Fund Balance/(Deficit) at the Beginning of Year	386	386	-
Prior year encumbrances appropriated	245,901	245,901	-
Fund Balance/(Deficit) at the End of Year	<u>\$ 134,226</u>	<u>\$ 27,171</u>	<u>\$ (107,055)</u>

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Education Management Information Systems Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 21,853	\$ 24,651	\$ 2,798
Total Revenues	21,853	24,651	2,798
<u>Expenditures:</u>			
Support Services:			
Central	72,089	39,043	33,046
Total Expenditures	72,089	39,043	33,046
Net Change in Fund Balance	(50,236)	(14,392)	35,844
Fund Balance/(Deficit) at the Beginning of Year	61,913	61,913	-
Prior year encumbrances appropriated	139	139	-
Fund Balance/(Deficit) at the End of Year	\$ 11,816	\$ 47,660	\$ 35,844

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Public School Preschool Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 124,562	\$ 83,010	\$ (41,552)
Total Revenues	124,562	83,010	(41,552)
<u>Expenditures:</u>			
Instruction:			
Special	59,134	59,134	-
Support Services:			
Pupils	500	500	-
Instructional Staff	14,580	14,580	-
Administration	8,796	8,796	-
Total Expenditures	83,010	83,010	-
Net Change in Fund Balance	41,552	-	(41,552)
Fund Balance/(Deficit) at the Beginning of Year	-	-	-
Fund Balance/(Deficit) at the End of Year	\$ 41,552	\$ -	\$ (41,552)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Entry Year Teacher Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 28,058	\$ 27,896	\$ (162)
Total Revenues	28,058	27,896	(162)
<u>Expenditures:</u>			
Instruction:			
Special	28,600	28,600	-
Support Services:			
Administration	72	-	72
Total Expenditures	28,672	28,600	72
Net Change in Fund Balance	(614)	(704)	(90)
Fund Balance/(Deficit) at the Beginning of Year	704	704	-
Fund Balance/(Deficit) at the End of Year	\$ 90	\$ -	\$ (90)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Disadvantaged Pupil Impact Aid Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
	<u>Final</u>	<u>Actual</u>	<u>Over/ (Under)</u>
<u>Revenue:</u>			
Intergovernmental	\$ 1,751,808	\$ 1,796,982	\$ 45,174
Total Revenues	1,751,808	1,796,982	45,174
<u>Expenditures:</u>			
Instruction:			
Regular	988,699	988,699	-
Support Services:			
Pupils	321,281	321,281	-
Instructional Staff	136,685	136,685	-
Administration	298,616	298,616	-
Total Expenditures	<u>1,745,281</u>	<u>1,745,281</u>	<u>-</u>
Net Change in Fund Balance	6,527	51,701	45,174
Fund Balance/(Deficit) at the Beginning of Year	<u>747</u>	<u>747</u>	<u>-</u>
Fund Balance/(Deficit) at the End of Year	<u>\$ 7,274</u>	<u>\$ 52,448</u>	<u>\$ 45,174</u>

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Data Communication Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 45,515	\$ 59,793	\$ 14,278
Total Revenues	45,515	59,793	14,278
<u>Expenditures:</u>			
Support Services:			
Central	217,049	193,194	23,855
Total Expenditures	217,049	193,194	23,855
Net Change in Fund Balance	(171,534)	(133,401)	38,133
Fund Balance/(Deficit) at the Beginning of Year	161,616	161,616	-
Prior year encumbrances appropriated	10,000	10,000	-
Fund Balance/(Deficit) at the End of Year	\$ 82	\$ 38,215	\$ 38,133

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
SchoolNet Professional Development Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 6,364	\$ 6,750	\$ 386
Total Revenues	6,364	6,750	386
<u>Expenditures:</u>			
Support Services:			
Central	8,166	7,392	774
Total Expenditures	8,166	7,392	774
Net Change in Fund Balance	(1,802)	(642)	1,160
Fund Balance/(Deficit) at the Beginning of Year	1,850	1,850	-
Fund Balance/(Deficit) at the End of Year	\$ 48	\$ 1,208	\$ 1,160

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Ohio Reads Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 128,669	\$ 128,490	\$ (179)
Total Revenues	128,669	128,490	(179)
<u>Expenditures:</u>			
Instruction:			
Special	112,097	112,097	-
Support Services:			
Instructional Staff	63,707	63,707	-
Total Expenditures	175,804	175,804	-
Net Change in Fund Balance	(47,135)	(47,314)	(179)
Fund Balance/(Deficit) at the Beginning of Year	513	513	-
Prior year encumbrances appropriated	46,878	46,878	-
Fund Balance/(Deficit) at the End of Year	\$ 256	\$ 77	\$ (179)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Summer School Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 148,960	\$ 104,950	\$ (44,010)
Total Revenues	148,960	104,950	(44,010)
<u>Expenditures:</u>			
Instruction:			
Regular	10,874	-	10,874
Special	156,778	125,923	30,855
Support Services:			
Administration	5,008	3,285	1,723
Total Expenditures	172,660	129,208	43,452
Net Change in Fund Balance	(23,700)	(24,258)	(558)
Fund Balance/(Deficit) at the Beginning of Year	21,341	21,341	-
Prior year encumbrances appropriated	3,280	3,280	-
Fund Balance/(Deficit) at the End of Year	\$ 921	\$ 363	\$ (558)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Alternative School Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 218,700	\$ 230,180	\$ 11,480
Total Revenues	218,700	230,180	11,480
<u>Expenditures:</u>			
Instruction:			
Regular	102,023	102,023	-
Support Services:			
Instructional Staff	37,745	37,745	-
Administration	91,135	91,135	-
Total Expenditures	230,903	230,903	-
Net Change in Fund Balance	(12,203)	(723)	11,480
Fund Balance/(Deficit) at the Beginning of Year	12,521	12,521	-
Fund Balance/(Deficit) at the End of Year	\$ 318	\$ 11,798	\$ 11,480

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous State Grants Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 65,760	\$ 67,654	\$ 1,894
Miscellaneous	7,455	6,625	(830)
Total Revenues	73,215	74,279	1,064
<u>Expenditures:</u>			
Instruction:			
Regular	500	500	-
Support Services:			
Pupils	78,309	74,554	3,755
Instructional Staff	5,420	4,552	868
Administration	7,629	7,629	-
Business	141	141	-
Pupil Transportation	1,920	-	1,920
Total Expenditures	93,919	87,376	6,543
Net Change in Fund Balance	(20,704)	(13,097)	7,607
Fund Balance/(Deficit) at the Beginning of Year	13,971	13,971	-
Prior year encumbrances appropriated	7,351	7,351	-
Fund Balance/(Deficit) at the End of Year	\$ 618	\$ 8,225	\$ 7,607

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Adult Basic Education Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 211,027	\$ 159,430	\$ (51,597)
Total Revenues	211,027	159,430	(51,597)
<u>Expenditures:</u>			
Instruction:			
Adult	92,148	72,686	19,462
Support Services:			
Instructional Staff	96,597	87,877	8,720
Administration	3,667	2,738	929
Operation and Maintenance of Plant	2,000	2,000	-
Total Expenditures	194,412	165,301	29,111
Net Change in Fund Balance	16,615	(5,871)	(22,486)
Fund Balance/(Deficit) at the Beginning of Year	3,323	3,323	-
Prior year encumbrances appropriated	3,961	3,961	-
Fund Balance/(Deficit) at the End of Year	\$ 23,899	\$ 1,413	\$ (22,486)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Special Education Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/ (Under)</u>
<u>Revenue:</u>			
Intergovernmental	\$ 2,421,582	\$ 1,807,244	\$ (614,338)
Total Revenues	2,421,582	1,807,244	(614,338)
<u>Expenditures:</u>			
Instruction:			
Regular	84,273	75,481	8,792
Special	332,229	270,438	61,791
Support Services:			
Pupils	350,089	314,598	35,491
Instructional Staff	1,001,161	992,127	9,034
Administration	251,200	220,915	30,285
Operation and Maintenance of Plant			-
Operation of Non-Instructional Services	<u>107,574</u>	<u>101,524</u>	<u>6,050</u>
Total Expenditures	<u>2,126,526</u>	<u>1,975,083</u>	<u>151,443</u>
Excess of Revenues Over/ (Under) Expenditures	295,056	(167,839)	(462,895)
<u>Other Financing Sources/(Uses):</u>			
Advance In	<u>-</u>	<u>10,961</u>	<u>10,961</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>10,961</u>	<u>10,961</u>
Net Change in Fund Balance	295,056	(156,878)	(451,934)
Fund Balance/(Deficit) at the Beginning of Year	(3,883)	(3,883)	-
Prior year encumbrances appropriated	<u>118,665</u>	<u>118,665</u>	<u>-</u>
Fund Balance/(Deficit) at the End of Year	<u>\$ 409,838</u>	<u>\$ (42,096)</u>	<u>\$ (451,934)</u>

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Limited English Proficiency Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 4,945	\$ 4,592	\$ (353)
Total Revenues	4,945	4,592	(353)
<u>Expenditures:</u>			
Support Services:			
Pupils	4,592	4,592	-
Total Expenditures	4,592	4,592	-
Net Change in Fund Balance	353	-	(353)
Fund Balance/(Deficit) at the Beginning of Year	-	-	-
Fund Balance/(Deficit) at the End of Year	\$ 353	\$ -	\$ (353)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 3,512,946	\$ 2,271,760	\$ (1,241,186)
Total Revenues	3,512,946	2,271,760	(1,241,186)
<u>Expenditures:</u>			
Instruction:			
Regular	69,602	1,681	67,921
Special	1,923,363	1,723,801	199,562
Support Services:			
Pupils	26,698	15,524	11,174
Instructional Staff	745,057	619,543	125,514
Administration	237,687	172,533	65,154
Pupil Transportation	167,478	148,578	18,900
Operation of Non-Instructional Services	21,005	19,907	1,098
Total Expenditures	3,190,890	2,701,567	489,323
Excess of Revenues Over/ (Under) Expenditures	322,056	(429,807)	(751,863)
<u>Other Financing Sources/(Uses):</u>			
Refund of Prior Year Receipts	(16)	(16)	-
Advance In	78,394	78,394	-
Total Other Financing Sources/(Uses)	78,378	78,378	-
Net Change in Fund Balance	400,434	(351,429)	(751,863)
Fund Balance/(Deficit) at the Beginning of Year	(32,548)	(32,548)	-
Prior year encumbrances appropriated	224,335	224,335	-
Fund Balance/(Deficit) at the End of Year	\$ 592,221	\$ (159,642)	\$ (751,863)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 128,041	\$ 108,316	\$ (19,725)
Total Revenues	128,041	108,316	(19,725)
<u>Expenditures:</u>			
Instruction:			
Special	19,562	19,562	-
Support Services:			
Instructional Staff	116,356	94,503	21,853
Operation of Non-Instructional Services	10,355	9,989	366
Total Expenditures	146,273	124,054	22,219
Excess of Revenues Over/ (Under) Expenditures	(18,232)	(15,738)	2,494
<u>Other Financing Sources/(Uses):</u>			
Refund of Prior Year Receipts	(248)	-	248
Total Other Financing Sources/(Uses)	(248)	-	248
Net Change in Fund Balance	(18,480)	(15,738)	2,742
Fund Balance/(Deficit) at the Beginning of Year	(13,299)	(13,299)	-
Prior year encumbrances appropriated	38,424	38,424	-
Fund Balance/(Deficit) at the End of Year	\$ 6,645	\$ 9,387	\$ 2,742

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Drug-free School Grants Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 85,041	\$ 50,359	\$ (34,682)
Total Revenues	85,041	50,359	(34,682)
<u>Expenditures:</u>			
Support Services:			
Pupils	62,275	62,275	-
Operation of Non-Instructional Services	194	176	18
Total Expenditures	62,469	62,451	18
Excess of Revenues Over/ (Under) Expenditures	22,572	(12,092)	(34,664)
<u>Other Financing Sources/(Uses):</u>			
Advance In	-	6,293	6,293
Total Other Financing Sources/(Uses)	-	6,293	6,293
Net Change in Fund Balance	22,572	(5,799)	(28,371)
Fund Balance/(Deficit) at the Beginning of Year	-	-	-
Prior year encumbrances appropriated	5,623	5,623	-
Fund Balance/(Deficit) at the End of Year	\$ 28,195	\$ (176)	\$ (28,371)

Elyria City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Preschool Handicapped Grant Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/ (Under)</u>
<u><i>Revenue:</i></u>			
Intergovernmental	\$ 80,426	\$ 67,308	\$ (13,118)
Total Revenues	80,426	67,308	(13,118)
<u><i>Expenditures:</i></u>			
Instruction:			
Special	2,356	2,231	125
Support Services:			
Instructional Staff	30,428	25,112	5,316
Administration	49,786	45,884	3,902
Total Expenditures	82,570	73,227	9,343
Excess of Revenues Over/ (Under) Expenditures	(2,144)	(5,919)	(3,775)
<u><i>Other Financing Sources/(Uses):</i></u>			
Refund of Prior Year Receipts	(106)	-	106
Advance In	-	3,489	3,489
Total Other Financing Sources/(Uses)	(106)	3,489	3,595
Net Change in Fund Balance	(2,250)	(2,430)	(180)
Fund Balance/(Deficit) at the Beginning of Year	2,443	2,443	-
Prior year encumbrances appropriated	92	92	-
Fund Balance/(Deficit) at the End of Year	<u>\$ 285</u>	<u>\$ 105</u>	<u>\$ (180)</u>

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Class Size Reduction Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 696,128	\$ 451,530	\$ (244,598)
Total Revenues	696,128	451,530	(244,598)
<u>Expenditures:</u>			
Instruction:			
Special	642,783	433,357	209,426
Support Services:			
Instructional Staff	105,392	57,067	48,325
Operation of Non-Instructional Services	1,053	-	1,053
Total Expenditures	749,228	490,424	258,804
Net Change in Fund Balance	(53,100)	(38,894)	14,206
Fund Balance/(Deficit) at the Beginning of Year	55,925	55,925	-
Prior year encumbrances appropriated	2,088	2,088	-
Fund Balance/(Deficit) at the End of Year	\$ 4,913	\$ 19,119	\$ 14,206

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Intergovernmental	\$ 647,403	\$ 206,400	\$ (441,003)
Miscellaneous	8,622	7,032	(1,590)
Total Revenues	656,025	213,432	(442,593)
<u>Expenditures:</u>			
Instruction:			
Regular	148,082	28,785	119,297
Support Services:			
Pupils	207,327	22,977	184,350
Instructional Staff	238,468	170,584	67,884
Administration	80,799	54,020	26,779
Pupil Transportation	6,986	3,625	3,361
Total Expenditures	681,662	279,991	401,671
Excess of Revenues Over/ (Under) Expenditures	(25,637)	(66,559)	(40,922)
<u>Other Financing Sources/(Uses):</u>			
Advance In	-	29,965	29,965
Advance Out	(7,403)	(7,403)	-
Total Other Financing Sources/(Uses)	(7,403)	22,562	29,965
Net Change in Fund Balance	(33,040)	(43,997)	(10,957)
Fund Balance/(Deficit) at the Beginning of Year	24,930	24,930	-
Prior year encumbrances appropriated	8,279	8,279	-
Fund Balance/(Deficit) at the End of Year	\$ 169	\$ (10,788)	\$ (10,957)

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
<u>Revenue:</u>			
Taxes	\$ 167,010	\$ 157,937	\$ (9,073)
Intergovernmental	28,528	17,348	(11,180)
Total Revenues	195,538	175,285	(20,253)
<u>Expenditures:</u>			
Support Services:			
Fiscal	2,841	2,457	384
Debt Service:			
Principal payments	350,000	350,000	-
Interest and fiscal charges	72,159	34,160	37,999
Total Expenditures	425,000	386,617	38,383
Net Change in Fund Balance	(229,462)	(211,332)	18,130
Fund Balance/(Deficit) at the Beginning of Year	540,747	540,747	-
Fund Balance/(Deficit) at the End of Year	\$ 311,285	\$ 329,415	\$ 18,130

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/ (Under)</u>
<u>Expenditures:</u>			
Instruction:			
Regular	31,449	31,449	-
Support Services:			
Operation and Maintenance of Plant	86,272	86,272	-
Central	30,779	30,779	-
Capital Outlay	<u>564,549</u>	<u>492,808</u>	<u>71,741</u>
 Total Expenditures	 <u>713,049</u>	 <u>641,308</u>	 <u>71,741</u>
 Excess of Revenues Over/ (Under) Expenditures	 (713,049)	 (641,308)	 71,741
<u>Other Financing Sources/(Uses):</u>			
Transfer In	-	1,200,000	1,200,000
Transfer Out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>-</u>
 Total Other Financing Sources/(Uses)	 <u>(1,200,000)</u>	 <u>-</u>	 <u>1,200,000</u>
 Net Change in Fund Balance	 (1,913,049)	 (641,308)	 1,271,741
 Fund Balance/(Deficit) at the Beginning of Year	 2,062,481	 2,062,481	 -
 Prior year encumbrances appropriated	 <u>83,819</u>	 <u>83,819</u>	 <u>-</u>
 Fund Balance/(Deficit) at the End of Year	 <u><u>\$ 233,251</u></u>	 <u><u>\$ 1,504,992</u></u>	 <u><u>\$ 1,271,741</u></u>

Elyria City School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Capital Building Fund
 For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
Net Change in Fund Balance	-	-	-
Fund Balance/(Deficit) at the Beginning of Year	53	53	-
Fund Balance/(Deficit) at the End of Year	<u>\$ 53</u>	<u>\$ 53</u>	<u>\$ -</u>

Elyria City School District
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 SchoolNet Plus Fund
 For the Fiscal Year Ended June 30, 2005

	<u>Budgeted Amount Final</u>	<u>Actual</u>	<u>Variance with Final Budget Over/ (Under)</u>
<i><u>Revenue:</u></i>			
Intergovernmental	<u>\$ 350,000</u>	<u>\$ 72,135</u>	<u>\$ (277,865)</u>
Total Revenues	350,000	72,135	(277,865)
<i><u>Expenditures:</u></i>			
Support Services:			
Central	<u>72,713</u>	<u>72,514</u>	<u>199</u>
Total Expenditures	<u>72,713</u>	<u>72,514</u>	<u>199</u>
Net Change in Fund Balance	277,287	(379)	(277,666)
Fund Balance/(Deficit) at the Beginning of Year	-	-	-
Prior year encumbrances appropriated	<u>578</u>	<u>578</u>	<u>-</u>
Fund Balance/(Deficit) at the End of Year	<u>\$ 277,865</u>	<u>\$ 199</u>	<u>\$ (277,666)</u>

Elyria City School District

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Federal Emergency Repair Program
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Over/ (Under)
	<u> </u>	<u> </u>	<u> </u>
<u>Expenditures:</u>			
Support Services:			
Operation and Maintenance of Plant	\$ 13,519	\$ 8,448	\$ 5,071
	<u>13,519</u>	<u>8,448</u>	<u>5,071</u>
Total Expenditures			
	<u>13,519</u>	<u>8,448</u>	<u>5,071</u>
Excess of Revenues Over/ (Under) Expenditures	(13,519)	(8,448)	5,071
<u>Other Financing Sources/(Uses):</u>			
Advance In	1,438	1,438	-
	<u>1,438</u>	<u>1,438</u>	<u>-</u>
Total Other Financing Sources/(Uses)			
	<u>1,438</u>	<u>1,438</u>	<u>-</u>
Net Change in Fund Balance	(12,081)	(7,010)	5,071
Fund Balance/(Deficit) at the Beginning of Year	-	-	-
Prior year encumbrances appropriated	7,010	7,010	-
	<u>7,010</u>	<u>7,010</u>	<u>-</u>
Fund Balance/(Deficit) at the End of Year	<u>\$ (5,071)</u>	<u>\$ -</u>	<u>\$ 5,071</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Lunchroom/Cafeteria Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Under/ (Over)
Operating Revenues:			
Food Services	\$ 885,967	\$ 819,045	\$ (66,922)
<i>Total Operating Revenues</i>	<u>885,967</u>	<u>819,045</u>	<u>(66,922)</u>
Operating Expenses:			
Salaries	774,541	757,832	16,709
Fringe Benefits	362,577	326,692	35,885
Purchase Services	1,318,189	1,230,025	88,164
Supplies and Materials	157,371	150,913	6,458
Capital Outlay - New	40,224	39,881	343
<i>Total Operating Expenses</i>	<u>2,652,902</u>	<u>2,505,343</u>	<u>147,559</u>
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	(1,766,935)	(1,686,298)	80,637
Non-operating Revenues/(Expenses):			
Intergovernmental Revenues	1,686,925	1,648,545	(38,380)
Interest	1,397	1,668	271
<i>Total Non-operating Revenues/(Expenses)</i>	<u>1,688,322</u>	<u>1,650,213</u>	<u>(38,109)</u>
Net Change in Fund Balance	(78,613)	(36,085)	42,528
Fund Balance (Deficit) at The Beginning of Year	105,965	105,965	-
Prior Year Encumbrances Appropriated	<u>38,391</u>	<u>38,391</u>	<u>-</u>
Fund Balance (Deficit) at The End of Year	<u>\$ 65,743</u>	<u>\$ 108,271</u>	<u>\$ 42,528</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Self-Insurance Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Under/ (Over)
Operating Revenues:			
Charges for Services	\$ 7,401,426	\$ 7,271,851	\$ (129,575)
<i>Total Operating Revenues</i>	<u>7,401,426</u>	<u>7,271,851</u>	<u>(129,575)</u>
Operating Expenses:			
Salaries	41,633	42,130	(497)
Fringe Benefits	181,390	167,870	13,520
Purchase Services	6,379,023	6,799,049	(420,026)
<i>Total Operating Expenses</i>	<u>6,602,046</u>	<u>7,009,049</u>	<u>(407,003)</u>
<i>Excess of Operating Revenues Over/ (Under) Operating Expenses</i>	799,380	262,802	(536,578)
Non-operating Revenues/(Expenses):			
Interest	24,993	55,601	30,608
<i>Total Non-operating Revenues/(Expenses):</i>	<u>24,993</u>	<u>55,601</u>	<u>30,608</u>
Net Change in Fund Balance	824,373	318,402	(505,971)
Fund Balance (Deficit) at The Beginning of Year	<u>2,996,016</u>	<u>2,996,016</u>	<u>-</u>
Fund Balance (Deficit) at The End of Year	<u>\$ 3,820,389</u>	<u>\$ 3,314,418</u>	<u>\$ (505,971)</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Scholarship Trust Fund
For the Fiscal Year Ended June 30, 2005

	Budgeted Amount Final	Actual	Variance with Final Budget Under/ (Over)
Operating Revenues:			
Interest	\$ 366	\$ 834	\$ 468
Other Operating Revenues	37,363	13,351	(24,012)
<i>Total Operating Revenues</i>	37,729	14,185	(23,544)
Operating Expenses:			
Other	150,000	4,000	146,000
<i>Total Operating Expenses</i>	150,000	4,000	146,000
Net Change in Fund Balance	(112,271)	10,185	122,456
Fund Balance/(Deficit) at the Beginning of Year	260,830	260,830	-
Fund Balance (Deficit) at The End of Year	<u>\$ 148,559</u>	<u>\$ 271,015</u>	<u>\$ 122,456</u>

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Statistical Section

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Elyria City School District
 General Governmental
 Revenue by Source and Expenses/Expenditures by Function
 Last Ten Fiscal Years

	2005		2004		2003		(2) 2002
	(1) Full Accrual	(1) Modified Accrual	(1) Full Accrual	(1) Modified Accrual	(1) Full Accrual	(1) Modified Accrual	
Program Revenues							
Charges for Services	\$ 1,944,156	N/A	\$ 2,289,714	N/A	\$ 1,785,232	N/A	N/A
Operating Grants and Contributions	9,914,012	N/A	8,237,544	N/A	4,445,578	N/A	N/A
Capital Grants and Contribution	72,135	N/A	161,488	N/A	70,595	N/A	N/A
General Revenues							
Taxes	33,420,811	\$ 32,484,610	30,251,318	\$ 30,060,012	34,640,570	\$ 32,312,688	\$ 29,655,884
Intergovernmental	30,408,503	39,566,176	28,971,881	37,522,772	32,727,126	37,609,121	36,946,384
Interest	441,169	385,568	299,727	274,734	506,654	436,535	653,478
Tuition and Fees	-	1,204,802	-	1,478,415	-	1,367,169	1,638,535
Classroom Materials and Fees	-	255,565	-	263,465	-	261,887	-
Extracurricular Activities	-	164,623	-	250,386	-	208,441	193,492
Proceeds from Sale of Note	-	-	-	-	-	-	-
Inception of Capital Lease	-	-	-	-	-	-	-
Donations and Other	-	-	-	-	-	-	481,182
Gain on Sales of Capital Asset	-	11,731	-	3,299	-	-	2,377
Miscellaneous	316,991	627,095	183,727	477,723	1,572,814	1,217,433	-
Transfer In	-	2,400,000	-	279,502	-	727,713	290,701
Total	\$ 76,517,777	\$ 77,100,170	\$ 70,395,399	\$ 70,610,308	\$ 75,748,569	\$ 74,140,987	\$ 69,862,033
Expenses/Expenditures							
Instructional	\$ 46,520,402	\$ 44,848,325	\$ 42,969,771	\$ 43,543,400	\$ 43,520,559	\$ 41,493,811	\$ 38,657,036
Supporting Services	30,162,031	29,232,940	28,729,119	28,159,832	29,179,450	27,746,631	25,691,499
Opreation of Non-Instructional Service	1,854,580	1,902,631	1,586,493	1,578,708	1,712,503	1,724,033	1,571,813
Extracurricular Activities	1,400,631	1,367,461	1,574,321	1,393,910	1,495,087	1,366,050	1,201,579
Capital Outlay	-	357,455	-	783,234	-	391,273	500,682
Debt Service	43,075	462,095	59,738	436,908	81,549	449,709	390,640
Transfer Out	-	2,400,000	-	279,502	147,605	875,318	228,201
Other Uses	-	-	-	-	-	-	-
Total	\$ 79,980,719	\$ 80,570,907	\$ 74,919,442	\$ 76,175,494	\$ 76,136,753	\$ 74,046,825	\$ 68,241,450

Source: School District Financial Records

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

(2) Inculdes general, special revenue, debt service, capital projects, and expendable trust funds.

Elyria City School District
 General Governmental
 Revenue by Source and Expenses/Expenditures by Function (Continued)
 Last Ten Fiscal Years

	(2) 2001	(2) 2000	(2) 1999	(2) 1998	(2) 1997	(2) 1996
Program Revenues						
Charges for Services	N/A	N/A	N/A	N/A	N/A	N/A
Operating Grants and Contributions	N/A	N/A	N/A	N/A	N/A	N/A
Capital Grants and Contribution	N/A	N/A	N/A	N/A	N/A	N/A
General Revenues						
Taxes	\$ 31,252,267	\$ 29,774,804	\$ 25,873,342	\$ 25,335,237	\$ 25,856,102	\$ 26,272,958
Intergovernmental	34,808,208	32,210,002	32,244,776	27,106,823	26,438,516	26,728,734
Interest	1,211,225	818,430	810,087	629,061	675,819	472,356
Tuition and Fees	1,918,851	771,872	421,849	1,709,960	1,300,909	1,716,624
Classroom Materials and Fees	-	-	-	-	-	-
Extracurricular Activities	201,580	170,981	191,517	206,711	257,420	272,531
Proceeds from Sale of Note	-	-	-	1,500,000	-	-
Inception of Capital Lease	-	-	-	322,461	-	-
Donations and Other	1,139,690	803,013	695,969	1,028,563	1,140,705	599,854
Gain on Sales of Capital Asset	35,416	423,362	358,082	22,298	4,005,931	174,692
Miscellaneous	-	-	-	-	-	-
Operating Transfer In	88	109,856	-	4,376,573	1,239,088	946,227
<i>Total</i>	<u>\$ 70,567,325</u>	<u>\$ 65,082,320</u>	<u>\$ 60,595,622</u>	<u>\$ 62,237,687</u>	<u>\$ 60,914,490</u>	<u>\$ 57,183,976</u>
Expenses/Expenditures						
Instructional	\$ 38,081,756	\$ 36,764,972	\$ 33,480,478	\$ 32,812,480	\$ 31,783,307	\$ 31,755,716
Supporting Services	24,305,701	22,652,465	20,974,199	18,264,616	18,563,071	18,165,843
Operation of Non-Instructional Services	1,468,529	1,726,576	1,680,477	2,829,073	3,014,031	1,311,127
Extracurricular Activities	1,115,505	1,041,279	887,265	833,673	935,497	933,963
Capital Outlay	962,386	1,102,042	1,132,969	736,488	1,506,794	196,616
Debt Service	381,321	380,373	407,871	392,068	372,225	413,485
Operating Transfer Out	88	109,856	-	4,376,573	1,239,088	2,421,705
Other Uses	-	-	-	41,336	-	20,616
<i>Total</i>	<u>\$ 66,315,286</u>	<u>\$ 63,777,563</u>	<u>\$ 58,563,259</u>	<u>\$ 60,286,307</u>	<u>\$ 57,414,013</u>	<u>\$ 55,219,071</u>

Source: School District Financial Records

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

(2) Includes general, special revenue, debt service, capital projects, and expendable trust funds.

Elyria City School District
Property Tax Levies and Collections
Last Ten Calendar Years

<u>Tax Year</u>	<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Tax Collection</u>	<u>Total Collection</u>	<u>Percent of Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes To Tax Levy</u>
2004	2005	\$ 33,139,216	\$ 31,391,812	94.7%	\$ 1,049,836	\$ 32,441,648	97.9%	\$ 4,256,582	12.8%
2003	2004	32,941,887	31,652,776	96.1%	1,210,319	32,863,095	99.8%	5,366,755	16.3%
2002	2003	29,540,935	29,399,440	99.5%	1,274,768	30,674,208	103.8%	4,172,103	14.1%
2001	2002	24,464,870	23,683,286	96.8%	591,915	24,275,201	99.2%	429,412	1.8%
2000	2001	24,150,777	23,505,881	97.3%	607,448	24,113,329	99.8%	998,726	4.1%
1999	2000	24,134,465	23,417,468	97.0%	665,700	24,083,168	99.8%	1,048,366	4.3%
1998	1999	20,804,376	20,242,177	97.3%	496,193	20,738,370	99.7%	841,979	4.0%
1997	1998	20,678,051	20,433,935	98.8%	447,839	20,881,774	101.0%	431,958	2.1%
1996	1997	20,130,549	19,674,024	97.7%	470,432	20,144,456	100.1%	647,927	3.2%
1995	1996	20,229,917	19,868,112	98.2%	555,740	20,423,852	101.0%	632,419	3.1%

Note: The Lorain County Treasurer collects property taxes on a calender-year basis, therefore, the above data has been presented on a calender-year basis.

Source: Lorain County Auditor's Office

Elyria City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

Collection Year	Real Property		Public Utility/ Personal Property		Tangible Personal Property		Total		Ratio of Assessed Value to Estimated Actual Value
	Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value(1)	Assessed Value	Estimated Actual Value(1)	
2005	\$815,509,280	\$2,330,026,514	\$31,978,290	\$36,338,965	\$146,627,529	\$586,510,116	\$994,115,099	\$2,952,875,595	33.7%
2004	815,355,400	2,329,586,857	32,132,170	36,513,830	146,627,529	586,510,116	994,115,099	2,952,610,803	33.7
2003	760,673,700	2,173,353,428	34,479,990	39,181,807	160,437,610	641,750,440	955,591,300	2,854,285,675	33.5
2002	753,902,860	2,154,008,171	33,609,340	38,192,432	156,666,730	626,666,920	944,178,930	2,818,867,523	33.5
2001	751,449,050	2,146,997,286	45,315,950	51,495,398	158,244,650	632,978,600	955,009,650	2,831,471,284	33.7
2000	641,228,700	1,832,082,000	51,049,790	58,011,125	146,075,720	584,302,808	838,354,210	2,474,395,933	33.9
1999	628,641,190	1,796,117,686	52,552,350	59,718,580	145,298,703	581,194,812	826,492,243	2,437,031,078	33.9
1998	622,107,390	1,777,449,686	52,963,900	60,186,250	140,637,370	562,549,480	815,708,660	2,400,185,416	34.0
1997	536,896,990	1,533,991,400	54,728,310	62,191,261	138,145,420	552,581,680	729,770,720	2,148,764,341	34.0
1996	532,986,540	1,522,818,686	58,016,620	65,927,977	126,215,644	504,862,576	717,218,804	2,093,609,239	34.3

Source: Lorain 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

Note: This amount is calculated based on the following percentages:

- (1) Real estate value is assessed at 35 percent of appraised market value.
- (2) Public utility real property is assessed at 35 percent of true value; public utility Tangible personal property is currently assessed at varying percentages of true value. The estimated above was calculated at 88 percent.
- (3) Tangible personal property is assessed at 25 percent of actual value.

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

<u>Tax Year</u>	<u>Collection Year</u>	<u>Elyria City School Levy</u>	<u>Lorain County Levy</u>	<u>City of Elyria Levy</u>	<u>Lorain County Joint Vocational School Levy</u>	<u>Total Levy</u>
2004	2005	56.48	13.19	5.20	2.45	77.32
2003	2004	56.73	12.89	4.20	2.45	76.27
2002	2003	56.81	12.89	4.20	2.45	76.35
2001	2002	57.09	12.89	4.20	2.45	76.63
2000	2001	57.11	10.79	11.00	2.45	81.35
1999	2000	52.71	10.79	11.00	2.45	76.95
1998	1999	52.71	10.79	11.00	2.45	76.95
1997	1998	53.58	10.79	9.20	2.45	76.02
1996	1997	53.68	12.69	9.20	2.45	78.02
1995	1996	53.98	12.69	9.20	2.45	78.32

Source: Lorain 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

Elyria City School District
Ratio of Net Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Calendar Years

<u>Year</u>	<u>Elyria CSD Area Population (1)</u>	<u>Assessed Value (2)</u>	<u>Net General Obligation Bonded Debt (3)</u>	<u>Debt Service Funds Available (3)</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2005	55,953	\$ 994,115,099	\$ 370,000	\$ 329,415	\$ 40,585	0.00%	\$ 0.73
2004	55,953	994,115,099	720,000	540,747	179,253	0.02%	3.20
2003	55,953	955,591,300	1,050,000	734,399	315,601	0.03%	5.64
2002	55,953	944,178,930	1,360,000	855,140	504,860	0.05%	9.02
2001	55,953	955,009,650	1,660,000	664,300	995,700	0.10%	17.80
2000	56,746	838,354,210	1,935,000	576,148	1,358,852	0.16%	23.95
1999	56,746	826,492,243	2,195,000	565,649	1,629,351	0.20%	28.71
1998	56,746	815,708,660	2,440,000	605,462	1,834,538	0.22%	32.33
1997	56,746	729,770,720	2,660,000	557,021	2,102,979	0.29%	37.06
1996	56,746	717,218,804	2,870,000	729,029	2,140,971	0.30%	37.73

Source:

- (1) City of Elyria
- (2) Lorain County, Ohio; County Auditor
- (3) School District Financial Records

Elyria City School District
 Computation of Direct and Overlapping
 General Obligation Bonded Debt
 June 30, 2005

Jurisdiction	Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct:			
Elyria City School District	\$ <u>370,000</u>	100.00%	\$ <u>370,000</u>
Overlapping:			
Lorain County	28,165,000	16.09%	4,530,380
City of Elyria	<u>26,750,000</u>	100.00%	<u>26,750,000</u>
Total Overlapping	<u>54,915,000</u>		<u>31,280,380</u>
Totals:	\$ <u>55,285,000</u>		\$ <u>31,650,380</u>

Source: Lorain County Auditor and Elyria City School District

(1) Percentage were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2005 collection year.

Elyria City School District
 Computation of Legal Debt Margin
 June 30, 2005

Assessed Valuation		<u>\$994,115,099</u>
Debt Limit – 9% of Assessed Value (1)		89,470,359
Amount of Debt Applicable	\$370,000	
Less: Amount Available in Debt Service Fund	<u>(329,415)</u>	
Total Debt Applicable	40,585	
Less: Total Debt Applicable		<u>(40,585)</u>
Overall Legal Debt Margin		<u><u>\$89,429,774</u></u>

Debt Limit – 0.10% of Assessed Value (1)		\$994,115
Amount of Debt Applicable	\$0	
Less: Amount Available in Debt Service Fund	<u>(329,415)</u>	
Total Debt Applicable	(329,415)	
Less: Total Debt Applicable		<u>329,415</u>
Unvoted Debt Margin		<u><u>\$1,323,530</u></u>

Source: Lorain County Auditor and School District Financial Records

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

Elyria City School District
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Governmental Fund Expenditures
Last Ten Fiscal Years

Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service Expenditures To Total Governmental Expenditures
2005	\$ 350,000	\$ 34,160	\$ 384,160	\$ 78,170,907	0.49%
2004	330,000	54,828	384,828	75,895,992	0.51%
2003	310,000	73,480	383,480	73,171,507	0.52%
2002	300,000	90,640	390,640	68,241,450	0.57%
2001	275,000	106,321	381,321	66,315,198	0.58%
2000	260,000	120,373	380,373	63,667,707	0.60%
1999	245,000	162,871	407,871	58,563,259	0.70%
1998	220,000	172,068	392,068	60,286,307	0.65%
1997	210,000	162,225	372,225	57,414,013	0.65%
1996	195,000	218,485	413,485	55,219,071	0.75%

Source: School District Financial Records

Elyria City School District
Demographic Statistics
Last Ten Years

Year	Elyria CSD Area Population (1)	School Enrollment (2)	Lorain County Unemployment Rate (3)
2005	55,953	7,956	6.2%
2004	55,953	8,130	6.3
2003	55,953	8,348	6.4
2002	55,953	8,270	6.1
2001	55,953	8,551	5.5
2000	56,746	8,487	5.2
1999	56,746	8,656	5.4
1998	56,746	8,753	6.3
1997	56,746	8,916	6.9
1996	56,746	8,746	7.0

Source:

- (1) The City of Elyria
- (2) School District Records
- (3) Ohio Labor Market Information

Elyria City School District
 Financial Institution Deposits, Property Value and New Construction
 Last Ten Years

Year	Property Values Estimated Actual Value (1)	Financial Institution Deposit Banks (2)	New Construction Assessed Value (1)
2004	\$ 2,952,875,595	\$ 909,649,000	\$ 7,654,800
2003	2,952,610,803	649,005,000	7,651,420
2002	2,854,285,675	614,592,000	7,634,970
2001	2,512,999,085	593,492,000	7,568,980
2000	2,510,000,701	533,034,000	10,995,040
1999	2,507,781,690	483,871,000	7,608,660
1998	2,437,031,077	444,974,000	21,416,763
1997	2,400,185,416	920,050,000	11,069,360
1996	2,148,764,341	1,329,795,000	5,686,950
1995	2,093,609,239	1,237,991,000	8,620,650

Sources: (1) Lorain County Auditor
 (2) Federal Reserve Bank of Cleveland

Elyria City School District
Principal Taxpayers
Real Property Tax
December 31, 2004

Taxpayer	Assessed Value (1)	Percentage of Total Real Property Tax Assessed Value
Wea Midway LLC	\$ 14,522,380	1.78%
Ohio Edison Co.	13,725,880	1.68
Alltel Ohio Inc	11,863,060	1.45
New Plan of Midway Inc	6,870,810	0.84
First Interstate Elyria	6,018,100	0.74
Sear Roebuck & Co.	4,121,320	0.51
Elyria United	3,141,700	0.39
Holiday Inn of Elyria	3,092,780	0.38
Midway Realty Company	3,060,160	0.37
Comprehensive Ventures	<u>3,000,800</u>	<u>0.37</u>
	\$ <u>69,416,990</u>	<u>8.51%</u>
Total Real Property Tax Assessed Valuation	\$ <u>815,509,280</u>	

Sources: Lorain County Auditor

(1) Assessed values are for the 2005 collection year

Elyria City School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2004

Taxpayer	Assessed Value(1)	Percentage of Total Tangible Personal Property Tax Assessed Value
Ridge Tool Company	\$ 10,581,030	7.17%
Engelhard Corporation	8,341,580	5.65
Invacare Corporation	7,869,080	5.33
Diamond Products	5,048,270	3.42
Polyone Corporation	4,550,650	3.08
Parker Hannifin	4,301,950	2.91
Maverick C & P Inc	4,248,090	2.88
Crane Co.	3,637,450	2.46
Nylonge Company	3,168,810	2.15
International Multifoods	<u>3,099,720</u>	<u>2.10</u>
	\$ <u>54,846,630</u>	<u>37.15%</u>
Total Tangible Personal Property Tax Assessed Valuation	\$ <u><u>146,627,529</u></u>	

Sources: Lorain County Auditor

(1) Assessed values are for the 2005 collection year

Elyria City School District
Miscellaneous Statistics
June 30, 2005

Form of Government	Board of Education
Enrollment	7,956
Superintendent of Schools	Dr. Roger J. Lulow
Treasurer	Fred V. Stephens
Director of Business Services	Richard Nielson

School Buildings:

Elyria High School	Dianne Quinn
Eastern Heights Junior High School	Kimberly Blevins
Northwood Junior High School	Thomas Jama
Westwood Junior High School	Gregory Horace
HillTop Academy	Allen Senkovich
Cascade Elementary	Aretha Dixon
Crestwood Elementary	Linda Arter
Eastgate Elementary	Charles Sanfilippo
Ely Elementary	Jack Dibee
Erie Elementary	Ann Lars
Franklin Elementary	Elsa Manco
McKinley Elementary	Chip Hall
Oakwood Elementary	Joyce Bouman
Prospect Elementary	Michael Amann
Roosevelt Elementary	Elaine Carlin
Windsor Elementary	Michael Routa
Kindergarten Village	Rita Tomsic

Sources: School District Financial Records

Elyria City School District
 Teacher Education and Experience
 June 30, 2005

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	216	40%
Master's Degree	324	59%
PHD's	2	1%
Total	542	100%

Year of Experience	Number of Teachers	Percentage of Total
0 - 5	105	20%
6 - 10	108	20%
11 and Over	329	60%
Total	542	100%

Source: School District Personnel Records