



**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<u><b>Title</b></u>	<u><b>Page</b></u>
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Fund	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/ Fund Balance - Proprietary Fund Types and Similar Trust Fund	12
Combined Statement of Cash Flows - Proprietary Fund Types and Similar Trust Fund	13
Notes to the General Purpose Financial Statements	15
Schedule of Federal Awards Expenditures	39
Notes to the Schedule of Federal Awards Expenditures	40
Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	41
Report on Compliance with Requirements Applicable to Its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings	45

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Bay Village City School District  
Cuyahoga County  
377 Dover Center Road  
Bay Village, Ohio 44140

We have audited the accompanying general-purpose financial statements of the Bay Village City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bay Village City School District, Cuyahoga County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying financial statements, the District restated fixed assets in the general fixed asset account group and retained earnings in the food service and rotary enterprise funds at June 30, 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

April 6, 2001

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BAY VILLAGE CITY SCHOOL DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Cash Equivalents	\$4,222,288	\$371,207	\$357,156	\$1,000
<b>Receivables:</b>				
Taxes	13,065,047	-	443,069	-
Accounts	37,101	-	-	-
Intergovernmental	2,750	-	-	-
Interfund Receivable	2,000	-	-	-
Materials and Supplies Inventory	21,704	-	-	-
Prepaid Items	16,596	-	-	-
<b>Restricted Assets:</b>				
Cash and Cash Equivalents	104,250	-	-	-
Fixed Assets	-	-	-	-
Accumulated Depreciation	-	-	-	-
<b>Other Debits:</b>				
Amount in Debt Service Fund for Retirement of General Long-term Obligations Provided from General Government Resources	-	-	-	-
<b>Total Assets and Other Debits</b>	<u>\$17,471,736</u>	<u>\$371,207</u>	<u>\$800,225</u>	<u>\$1,000</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$156,098	\$26,289	\$407	\$0
Accrued Wages and Benefits	1,574,253	25,184	-	-
Compensated Absences Payable	59,805	-	-	-
Interfund Payable	-	-	-	-
Intergovernmental Payable	344,603	5,158	-	-
Deferred Revenue	11,234,313	-	384,495	-
Due to Students	-	-	-	-
Undistributed Monies	-	-	-	-
Notes Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
School Improvement Bonds	-	-	-	-
Energy Conservation Improvement Bonds	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
<b>Total Liabilities</b>	<u>13,369,072</u>	<u>56,631</u>	<u>384,902</u>	<u>-</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings:				
Unreserved	-	-	-	-
Fund Balances:				
Reserved for Encumbrances	200,733	23,096	-	-
Reserved for Inventory	21,704	-	-	-
Reserved for Debt Service Principal	-	-	356,449	-
Reserved for Prepaid Items	16,596	-	-	-
Reserved for Advances	2,000	-	-	-
Reserved for Property Taxes	1,830,734	-	58,574	-
Reserved for Endowments	-	-	-	-
Reserved for Budget Stabilization	104,250	-	-	-
Unreserved, Undesignated	1,926,647	291,480	300	1,000
<b>Total Fund Equity and Other Credits</b>	<u>4,102,664</u>	<u>314,576</u>	<u>415,323</u>	<u>1,000</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$17,471,736</u>	<u>\$371,207</u>	<u>\$800,225</u>	<u>\$1,000</u>

The notes to the financial statements are an integral part of this statement.



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Asset Account Group	General Long-Term Debt Account Group	
\$171,245	\$15,955	\$73,946	\$0	\$0	\$5,212,797
-	-	-	-	-	13,508,116
3,724	-	-	-	-	40,825
7,128	-	-	-	-	9,878
-	-	-	-	-	2,000
46,920	-	-	-	-	68,624
-	-	-	-	-	16,596
-	-	27,025	-	-	131,275
338,555	-	-	18,606,292	-	18,944,847
(253,810)	-	-	-	-	(253,810)
-	-	-	-	415,323	415,323
-	-	-	-	4,385,733	4,385,733
<u>\$313,762</u>	<u>\$15,955</u>	<u>\$100,971</u>	<u>\$18,606,292</u>	<u>\$4,801,056</u>	<u>\$42,482,204</u>
\$3,754	\$993	\$1,767	\$0	\$0	\$189,308
36,317	-	-	-	-	1,635,754
43,549	-	-	-	1,386,858	1,490,212
-	2,000	-	-	-	2,000
54,280	98	-	-	142,540	546,679
14,154	-	-	-	-	11,632,962
-	-	59,030	-	-	59,030
-	-	5,677	-	-	5,677
-	-	-	-	141,678	141,678
-	-	-	-	14,990	14,990
-	-	-	-	150,000	150,000
-	-	-	-	275,000	275,000
-	-	-	-	2,689,990	2,689,990
<u>152,054</u>	<u>3,091</u>	<u>66,474</u>	<u>-</u>	<u>4,801,056</u>	<u>18,833,280</u>
-	-	-	18,606,292	-	18,606,292
161,708	12,864	-	-	-	174,572
-	-	-	-	-	223,829
-	-	-	-	-	21,704
-	-	-	-	-	356,449
-	-	-	-	-	16,596
-	-	-	-	-	2,000
-	-	-	-	-	1,889,308
-	-	27,025	-	-	27,025
-	-	-	-	-	104,250
-	-	7,472	-	-	2,226,899
<u>161,708</u>	<u>12,864</u>	<u>34,497</u>	<u>18,606,292</u>	<u>-</u>	<u>23,648,924</u>
<u>\$313,762</u>	<u>\$15,955</u>	<u>\$100,971</u>	<u>\$18,606,292</u>	<u>\$4,801,056</u>	<u>\$42,482,204</u>

BAY VILLAGE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types	
	General	Special Revenue
<b>Revenues:</b>		
Property & Other Local Taxes	\$13,050,868	\$0
Intergovernmental	5,214,245	858,719
Interest	326,714	5,316
Tuition and Fees	38,170	-
Rent	113,151	-
Extracurricular Activities	-	150,882
Gifts and Donations	9,602	17,521
Customer Services	27,016	-
Miscellaneous	77,438	49,784
<b>Total Revenues</b>	<u>18,857,204</u>	<u>1,082,222</u>
<b>Expenditures:</b>		
<b><u>Current:</u></b>		
<b><u>Instruction:</u></b>		
Regular	8,372,814	45,269
Special	985,344	113,901
Vocational	324,213	1,556
Others	706,330	-
<b><u>Support Services:</u></b>		
Pupils	1,332,830	87,908
Instructional Staff	835,698	165,761
Board of Education	20,458	-
Administration	1,591,956	57,194
Fiscal	452,351	-
Business	240,138	-
Operation and Maintenance of Plant	1,918,139	3,399
Pupil Transportation	606,116	-
Central	223,548	281
Non-Instructional Services	9,766	381,969
Extracurricular activities	509,670	158,055
Capital Outlay	352,085	15,945
<b><u>Debt Service:</u></b>		
Debt Service - Principal	9,377	-
Debt Service - Interest	1,135	-
<b>Total Expenditures</b>	<u>18,491,968</u>	<u>1,031,238</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>365,236</u>	<u>50,984</u>
<b>Other Financing Sources and Uses</b>		
Operating Transfers In	-	-
Other Financing Sources	-	959
Refund of Prior Year Expenditures	3,610	-
Operating Transfers Out	(96,165)	(25,000)
Refund of Prior Year Receipts	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(92,555)</u>	<u>(24,041)</u>
<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<u>272,681</u>	<u>26,943</u>
<b>Fund Balances at Beginning of Year</b>	<u>3,829,983</u>	<u>287,633</u>
<b>Fund Balances at End of Year</b>	<u>\$4,102,664</u>	<u>\$314,576</u>

The notes to the financial statements are integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$397,805	\$0	\$0	\$13,448,673
54,754	1,000	-	6,128,718
-	-	-	332,030
-	-	-	38,170
-	-	-	113,151
-	-	-	150,882
-	-	7,265	34,388
-	-	-	27,016
-	-	-	127,222
<u>452,559</u>	<u>1,000</u>	<u>7,265</u>	<u>20,400,250</u>
-	-	-	8,418,083
-	-	-	1,099,245
-	-	-	325,769
-	-	-	706,330
-	-	-	1,420,738
-	-	821	1,002,280
-	-	-	20,458
-	-	-	1,649,150
407	-	-	452,758
-	-	-	240,138
-	-	-	1,921,538
-	-	-	606,116
-	-	-	223,829
-	-	-	391,735
-	-	6,189	673,914
-	75,462	865	444,357
370,000	-	-	379,377
124,148	-	-	125,283
<u>494,555</u>	<u>75,462</u>	<u>7,875</u>	<u>20,101,098</u>
<u>(41,996)</u>	<u>(74,462)</u>	<u>(610)</u>	<u>299,152</u>
76,165	-	-	76,165
-	-	-	959
-	-	-	3,610
-	-	-	(121,165)
-	-	(2)	(2)
<u>76,165</u>	<u>-</u>	<u>(2)</u>	<u>(40,433)</u>
-	-	-	-
34,169	(74,462)	(612)	258,719
381,154	75,462	3,281	4,577,513
<u>\$415,323</u>	<u>\$1,000</u>	<u>\$2,669</u>	<u>\$4,836,232</u>

BAY VILLAGE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2000

	<b>Governmental Fund Types</b>		
	<b>General</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property & Other Local Taxes	\$12,949,233	\$12,942,779	(\$6,454)
Intergovernmental	5,269,000	5,211,495	(57,505)
Interest	375,000	333,647	(41,353)
Tuition and Fees	16,000	20,193	4,193
Rent	100,000	101,651	1,651
Extracurricular Activities			
Gifts and Donations	10,000	9,602	(398)
Customer Services	30,000	27,016	(2,984)
Miscellaneous	100,000	94,990	(5,010)
<b>Total Revenues</b>	<b>18,849,233</b>	<b>18,741,373</b>	<b>(107,860)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	8,794,897	8,717,572	77,325
Special	972,465	963,791	8,674
Vocational	357,498	322,047	35,451
Other	741,558	741,110	448
Support services:			
Pupils	1,333,498	1,310,040	23,458
Instructional Staff	873,907	861,249	12,658
Board of Education	32,086	20,792	11,294
Administration	1,677,909	1,662,478	15,431
Fiscal	457,408	451,693	5,715
Business	250,255	242,874	7,381
Operation and Maintenance of Plant	2,131,989	1,975,213	156,776
Pupil Transportation	620,264	610,367	9,897
Central	303,861	227,843	76,018
Non-Instructional Services	25,000	8,867	16,133
Extracurricular activities	532,291	513,810	18,481
Capital Outlay	506,994	467,501	39,493
Debt Service			
Debt Service - Principal	60,000	9,377	50,623
Debt Service - Interest	3,448	1,135	2,313
<b>Total Expenditures</b>	<b>19,675,328</b>	<b>19,107,759</b>	<b>567,569</b>
Excess of Revenues Over (Under) Expenditures	(826,095)	(366,386)	459,709
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Refund of Prior Year Expenditures		3,610	3,610
Other Financing Sources			
Operating Transfers Out	(96,750)	(96,165)	585
Advances Out	(25,000)		25,000
Refund of Prior Year Receipts			
Other Financing Uses	(75,000)		75,000
<b>Total Other Financing Sources (Uses)</b>	<b>(196,750)</b>	<b>(92,555)</b>	<b>104,195</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,022,845)	(458,941)	563,904
Fund Balances at Beginning of Year	4,151,393	4,151,393	
Prior Year Encumbrances Appropriated	330,533	330,533	
<b>Fund Balance at end of Year</b>	<b>\$3,459,081</b>	<b>\$4,022,985</b>	<b>\$563,904</b>

The notes to the general-purpose financial statements are an integral part of this statement.

**Governmental Fund Types**

<b>Special Revenue</b>			<b>Debt Service</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
			\$394,463	\$394,463	\$0
936,176	858,719	(77,457)	54,754	54,754	0
13,000	5,370	(7,630)			
167,000	150,882	(16,118)			
16,500	17,521	1,021			
133,500	49,784	(83,716)			
<u>1,266,176</u>	<u>1,082,276</u>	<u>(183,900)</u>	<u>449,217</u>	<u>449,217</u>	<u>-</u>
123,801	45,269	78,532			
178,212	115,860	62,352			
30,371	1,556	28,815			
118,092	88,189	29,903			
196,561	168,508	28,053			
138,650	61,698	76,952			
			5,300	300	5,000
3,399	3,399				
400	281	119			
479,055	407,717	71,338			
199,182	178,694	20,488			
34,992	15,945	19,047			
			370,000	370,000	
			125,000	124,148	852
<u>1,502,715</u>	<u>1,087,116</u>	<u>415,599</u>	<u>500,300</u>	<u>494,448</u>	<u>5,852</u>
<u>(236,539)</u>	<u>(4,840)</u>	<u>231,699</u>	<u>(51,083)</u>	<u>(45,231)</u>	<u>5,852</u>
			76,165	76,165	-
2,000	959	(1,041)			
(25,000)	(25,000)				
<u>(23,000)</u>	<u>(24,041)</u>	<u>(1,041)</u>	<u>76,165</u>	<u>76,165</u>	<u>-</u>
(259,539)	(28,881)	230,658	25,082	30,934	5,852
294,268	294,268		326,222	326,222	
67,536	67,536		-	-	
<u>\$102,265</u>	<u>\$332,923</u>	<u>\$230,658</u>	<u>\$351,304</u>	<u>\$357,156</u>	<u>\$5,852</u>

(Continued)

BAY VILLAGE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2000  
 (CONTINUED)

	<b>Governmental Fund Types</b>		
	<b>Capital Projects</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property & Other Local Taxes			
Intergovernmental	1,000	1,000	0
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Miscellaneous			
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	\$113,462	75,462	38,000
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>113,462</u>	<u>75,462</u>	<u>38,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(112,462)</u>	<u>(74,462)</u>	<u>38,000</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Refund of Prior Year Expenditures			
Other Financing Sources			
Operating Transfers Out			
Advances Out			
Refund of Prior Year Receipts			
Other Financing Uses			
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(112,462)	(74,462)	38,000
Fund Balances at Beginning of Year	75,462	75,462	
Prior Year Encumbrances Appropriated			
<b>Fund Balance at end of Year</b>	<u><u>(\$37,000)</u></u>	<u><u>\$1,000</u></u>	<u><u>\$38,000</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust					
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
			\$13,343,696	\$13,337,242	(\$6,454)
			6,260,930	6,125,968	(134,962)
			388,000	339,017	(48,983)
			16,000	20,193	4,193
			100,000	101,651	1,651
			167,000	150,882	(16,118)
\$7,265	\$7,265	\$0	33,765	34,388	623
			30,000	27,016	(2,984)
			233,500	144,774	(88,726)
<u>7,265</u>	<u>7,265</u>	<u>-</u>	<u>20,572,891</u>	<u>20,281,131</u>	<u>(291,760)</u>
			8,918,698	8,762,841	155,857
			1,150,677	1,079,651	71,026
			387,869	323,603	64,266
			741,558	741,110	448
			1,451,590	1,398,229	53,361
1,000	821	179	1,071,468	1,030,578	40,890
			32,086	20,792	11,294
			1,816,559	1,724,176	92,383
			462,708	451,993	10,715
			250,255	242,874	7,381
			2,135,388	1,978,612	156,776
			620,264	610,367	9,897
			304,261	228,124	76,137
97		97	504,152	416,584	87,568
6,200	6,189	11	737,673	698,693	38,980
1,124	865	259	656,572	559,773	96,799
			430,000	379,377	50,623
			128,448	125,283	3,165
<u>8,421</u>	<u>7,875</u>	<u>546</u>	<u>21,800,226</u>	<u>20,772,660</u>	<u>1,027,566</u>
<u>(1,156)</u>	<u>(610)</u>	<u>546</u>	<u>(1,227,335)</u>	<u>(491,529)</u>	<u>735,806</u>
			76,165	76,165	-
				3,610	3,610
			2,000	959	(1,041)
			(121,750)	(121,165)	585
			(25,000)		25,000
(3)	(2)	1	(3)	(2)	1
			(75,000)		75,000
<u>(3)</u>	<u>(2)</u>	<u>1</u>	<u>(143,588)</u>	<u>(40,433)</u>	<u>103,155</u>
(1,159)	(612)	547	(1,370,923)	(531,962)	838,961
3,281	3,281		4,850,626	4,850,626	
			398,069	398,069	
<u>\$2,122</u>	<u>\$2,669</u>	<u>\$547</u>	<u>\$3,877,772</u>	<u>\$4,716,733</u>	<u>\$838,961</u>

BAY VILLAGE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS/ FUND BALANCE-  
 PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fudiciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<b>Operating Revenues:</b>				
Sales	\$646,105	\$0	\$0	\$646,105
Tuition	555,933	9,745	-	565,678
Interest	-	-	931	931
Other Revenues	3,292	103,113	-	106,405
<b>Total Operating Revenues</b>	<u>1,205,330</u>	<u>112,858</u>	<u>931</u>	<u>1,319,119</u>
<b>Operating Expenses:</b>				
Salaries	529,165	13,239	-	542,404
Fringe Benefits	207,569	2,009	-	209,578
Purchased Services	67,469	81,367	-	148,836
Materials and Supplies	513,025	27,203	-	540,228
Depreciation	18,077	-	-	18,077
Other	3,054	-	1,145	4,199
<b>Total Operating Expenses</b>	<u>1,338,359</u>	<u>123,818</u>	<u>1,145</u>	<u>1,463,322</u>
<b>Operating Income (Loss)</b>	<u>(133,029)</u>	<u>(10,960)</u>	<u>(214)</u>	<u>(144,203)</u>
<b>Non-Operating Revenues and Expenses:</b>				
Federal Donated Commodities	52,020	-	-	52,020
Interest	1,928	-	-	1,928
Federal and State Subsidies	46,164	-	-	46,164
Other	489	-	-	489
<b>Total Non-Operating Revenues and Expenses</b>	<u>100,601</u>	<u>-</u>	<u>-</u>	<u>100,601</u>
<b>Net Income (Loss) Before Operating Transfers</b>	(32,428)	(10,960)	(214)	(43,602)
Operating Transfer -In	45,000	-	-	45,000
<b>Net Income (Loss)</b>	12,572	(10,960)	(214)	1,398
Retained Earnings/Fund Balance at Beginning of Year (Restated)	149,136	23,824	32,042	205,002
<b>Retained Earnings/Fund Balance at End of Year</b>	<u>161,708</u>	<u>12,864</u>	<u>31,828</u>	<u>\$206,400</u>

The notes to the financial statements are an integral part of this statement.



BAY VILLAGE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND  
 FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Totals Memorandum Only
	Enterprise	Internal Service	Non-Expendable Trust	
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Sales	\$647,718	\$0	\$0	\$647,718
Cash Received from Tuition and Fees	567,109	9,745	-	576,854
Other Cash Receipts	3,292	103,113	-	106,405
Cash Pmts. to Suppliers for Goods & Service	(474,948)	(26,210)	-	(501,158)
Cash Payments for Contract Services	(67,469)	(81,367)	-	(148,836)
Cash Payments for Employee Services	(595,315)	(13,239)	-	(608,554)
Cash Payments for Employee Benefits	(139,962)	(1,911)	-	(141,873)
Other Cash Payments	(3,054)	-	(1,145)	(4,199)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(62,629)</u>	<u>(9,869)</u>	<u>(1,145)</u>	<u>(73,643)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	46,525	-	-	46,525
Non-Operating Revenue	489	-	-	489
Operating Transfer In	45,000	-	-	45,000
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>92,014</u>	<u>-</u>	<u>-</u>	<u>92,014</u>
<b>Cash Flows from Investing Activities:</b>				
Interest on Investments	1,928	-	1,469	3,397
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>1,928</u>	<u>-</u>	<u>1,469</u>	<u>3,397</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(1,894)	-	-	(1,894)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(1,894)</u>	<u>-</u>	<u>-</u>	<u>(1,894)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	29,419	(9,869)	324	19,874
Cash & Cash Equivalents at Beginning of Year	141,826	25,824	31,504	199,154
<b>Cash &amp; Cash Equivalents at End of Year</b>	<u>\$171,245</u>	<u>\$15,955</u>	<u>\$31,828</u>	<u>\$219,028</u>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
<b>Operating Income (Loss)</b>	(\$133,029)	(\$10,960)	(\$214)	(\$144,203)
<b>Adjustments to Reconcile Operating Income (loss) To Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation	18,077	-	-	18,077
Donated Commodities Used During the Year	52,020	-	-	52,020
Non-Expendable Trust Fund Interest	-	-	(1,469)	(1,469)
Adjustment to Capital Outlay	1,894	-	-	1,894
<b>(Increase) Decrease in Assets:</b>				
Accounts Receivable	4,053	-	-	4,053
Accrued Interest Receivable	-	-	538	538
Material and Supplies Inventory	1,007	7,353	-	8,360
<b>Increase (Decrease) in Liabilities:</b>				
Compensated Absences Payable	2,058	-	-	2,058
Intergovernmental Payable	(4,067)	98	-	(3,969)
Deferred Revenue	6,190	-	-	6,190
Accounts Payable	(14,298)	(6,360)	-	(20,658)
Accrued Wages and Benefits	3,466	-	-	3,466
Total Adjustments	70,400	1,091	(931)	70,560
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(62,629)</u>	<u>(9,869)</u>	<u>(1,145)</u>	<u>(73,643)</u>
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2000:				
Cash and Cash Equivalents — Trust and Agency Funds				100,971
Less: Expendable Trust Funds				(2,669)
Less: Agency Funds				(66,474)
Cash and Cash Equivalents — Nonexpendable Trust Funds				<u>31,828</u>

The notes to the financial statements are an integral part of this statement.

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**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000

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**(1) Description of the District**

The Bay Village City School District (District) operates under a locally-elected five-member Board form of government and provides educational services as authorized by state and/or federal agencies. The Board of Education controls the District's seven instructional/support facilities staffed by 166 non-certificated employees, 196 certificated teaching personnel and 12 administrative employees who provide services to approximately 2,332 students and other community members. Another building owned by the District is currently being rented.

The District was established in 1903 through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District serves an area of approximately 4.9 square miles. It encompasses the northwestern corner of Cuyahoga County, and is coterminous with the City of Bay Village, Ohio.

The District is the 229th largest in the state of Ohio (among 612 school districts) in terms of enrollment and the 23rd largest in Cuyahoga County. It currently operates two elementary schools, one middle school, one comprehensive high school and a day care center.

**(2) Summary of Significant Accounting Policies**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The District also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

**A. The Reporting Entity**

For financial reporting purposes, the reporting entity is defined to include the primary government, component units, and other organizations consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

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

The following entities, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**City of Bay Village** The City government of Bay Village is a separate body politic and corporate. A mayor and council are elected independent of any school district relationships, and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

**Bay Village Public Library** The District is not involved in budgeting or management of the Bay Village Public Library facilities, nor does it subsidize or finance the operation of the library.

**PTA and Athletic/Music Boosters** These organizations exist to support various endeavors of the District through donations of time and other resources. Although the District benefits directly from the activities, the District neither manages or directs the operations nor provides financial support to these groups.

The District is associated with certain organizations which are identified as jointly governed organizations. These organizations are the **Lake Erie Educational Computer Association, Bay Educational Foundation and The Ohio Schools Council** (see Note 19).

Although not directly controlled by the Board of Education, the financial transactions of the following entities are handled by the Treasurer of the District and are included on the financial statements within special revenue funds.

**Parochial Schools** Within the District boundaries, St. Raphael is operated through the Cleveland Catholic diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed by the District on behalf of the parochial school.

**Private School** Bay Village Montessori Elementary School is located within the District boundaries. Current state legislation provides funding to this private school. These monies are received and disbursed on behalf of the private school by the Treasurer of the District, as directed by the private school. The receipt and fiduciary liability of these state monies by the District are reflected in a Special Revenue Fund for financial reporting purposes.

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operation. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**Governmental Funds**

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types:

**General Fund:** The General Fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**Special Revenue Funds:** Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Fund:** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Fund:** The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of or repairs to major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**Proprietary Funds**

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The following are the District's Proprietary Fund Types.

**Enterprise Funds:** Enterprises Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

**Internal Service Funds:** Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District on a cost-reimbursement basis.

**Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, non-expendable trust, and agency funds. The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds. The Non-expendable Trust Fund is accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used.

**General Fixed Assets Account Group:** This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

**General Long-Term Debt Account Group:** This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**C. Measurement Focus/Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental, Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements, student fees and rent. Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available were recognized as revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: General long term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds and Non-Expendable Trust Funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unused donated commodities are reported as deferred revenue.

**D. Budgets**

The District is required by state statute to adopt an annual appropriated budget for all funds. The specific timetable for fiscal year 2000 is as follows.

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

2. By no later than January 20, the board-adopted budget is filed with the Cuyahoga County Budget Commission for tax rate determination.
3. Prior to March 15, 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 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year or until an Amended Certificate of Estimated Resources is received from the Budget Commission.) In Cuyahoga County, the Amended Certificate of Estimated Resources is not received until December or January. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals, at any level of control.
5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board of Education during fiscal 2000.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**E. Cash and Investments**

Cash received by the District is deposited in a central bank account with individual fund balance integrity maintained. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Each fund's interest in the pooled bank account is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. State statutes authorize the District to invest in obligations of U.S. Treasury, obligations of the State of Ohio, its political subdivisions and agencies, banker's acceptances, commercial paper and repurchase agreements. During fiscal year 2000, investments were limited to certificates of deposits or interests in STAR Ohio (the State Treasurer's Investment Pool.), one Federal Home Loan Discount Note and Federal National Mortgage Association Medium Term Note. Star Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. Star Ohio 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 Star Ohio are valued at Star Ohio's share price, which is the price the investment could be sold for on June 30, 2000. For purposes of presentation on the Combined Balance Sheet and in the Combined Statement of Cash Flows, cash equivalents are defined as deposits and investments with original maturities of three months or less at the time they were purchased by the District. Under existing Ohio statutes, all investment earnings are credited to the general fund except those specifically related to Auxiliary Services (Special Revenue), Food Service (Enterprise), Endowments (Non-Expendable Trust Funds), and those other funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance. Interest income earned in fiscal 2000 totaled:

General Fund	\$326,714
Special Revenue	5,316
Enterprise Funds	1,928
Non-Expendable Trust	<u>931</u>
Total	<u>\$334,889</u>

An analysis of the District's investment account at year end is provided in Note 5.

**F. Inventories**

Inventory is stated at cost for governmental funds and at the lower of cost or market for proprietary funds on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, 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.



**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**H. Fixed Assets and Depreciation**

**1. General Fixed Assets Account Group**

General Fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$300 and a useful life of less than five years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

**2. Proprietary Funds**

Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (Years)</u>
Building	30-50
Building Improvements	10-40
Furniture, Fixtures and Minor Equipment	5-20
Improvements Other Than Building	10-20

**I. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

**Entitlements**

General Fund  
State Foundation Program  
State Property Tax Relief

**Non-Reimbursable Grants**

Special Revenue Funds  
Drug Free Grant  
Management Information Systems  
Eisenhower Math and Science Title II (Education for Economic Security)  
Title VI B  
Title I  
Title VI  
Preschool Grant  
Auxiliary Services  
Professional Development  
Data Communication  
Textbook/Instructional Materials  
Ohio Reads  
Title VI-R – Class Size Reduction

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**Reimbursable Grants**

General Fund

School Bus Purchases

Driver Education

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amount to approximately 30% of the District's operating revenue during the 2000 fiscal year.

**J. Short-Term Interfund Receivables/Payables**

At June 30, 2000 the District had one short-term interfund loan, which is classified as "interfund loan receivable/payable".

An analysis of interfund balances is reflected in Note 6.

**K. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District. Governmental Accounting Standards Board, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employee's 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 based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments (under the vesting method), as well as those employees expected to become eligible in the future, in accordance with the provisions of Statement No. 16. Anticipated retirement was based on thirty-five (35) years of age and at least ten (10) years service with the District.

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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the General Long-Term Debt Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**L. Long-Term Obligations**

Long-term debt is recognized as a liability of a government fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(2) Summary of Significant Accounting Policies - (Continued)**

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**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 appropriation or expenditure. 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, inventories of supplies and materials, prepaid items, property taxes, budget stabilization, advances, debt service principal and endowments.

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

**O. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**P. 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 could differ from those estimates.

**Q. Memorandum Only - Total Columns**

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(3) Restatement of Retained Earnings and General Fixed Assets**

Retained Earnings in the Food Service and Rotary Enterprise Funds, at June 30, 1999, increased \$55,762 and \$1,532 and Net Income decreased \$9,430 and \$474, respectively, due to an understatement of fixed assets, net of depreciation and depreciation expense. Assets in the General Fixed Asset Account Group, at June 30, 1999, decreased \$1,709,119 due to an overstatement of assets.

**(4) Accountability**

At June 30, 2000, the Drug Free Grant fund had a deficit fund balance of \$1,039, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**(5) Equity in Pooled Cash 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 School District's 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, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(5) Equity in Pooled Cash and Investments – (Continued)**

6. The State Treasurer’s investment pool (STAR Ohio), and
7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.
8. Under limited circumstances, corporate debt interests rated 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 until maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer to the custodian.

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

Cash On Hand: At year end, the School district had \$905 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in posted cash and cash equivalents.

Deposits: At fiscal year-end, the carrying amount of the School District’s deposits was \$163,135 and the bank balance was \$355,273. \$201,000 of the bank balance was covered by federal depository insurance. \$154,273 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District’s name and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District’s investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District’s name. Category 2 includes uninsured and unregistered investments which are held by the counterparty’s trust department or agent in the School District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District’s name. The carrying value of deposits and investments is presented in the combined balance sheet as equity in pooled cash and cash equivalents. The School District invests in STAR Ohio, the State Treasurer’s Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Market Value
STAR Ohio		\$3,160,732	\$3,160,732
Repurchase Agreement	\$32,000	32,000	32,000
U. S. Agency Securities	2,002,011	2,002,011	1,987,300
<b>Total Investment</b>	<b><u>\$2,034,011</u></b>	<b><u>\$5,194,743</u></b>	<b><u>\$5,180,032</u></b>

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(6) Interfund Assets/Liabilities**

Interfund Receivable/Payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Internal Service	\$2,000

**(7) Property Taxes**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 25%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$360,864,805. Agricultural/Residential and public utility real estate represented 95% (\$341,173,110) of this total; Commercial & Industrial real estate represented 2% (\$9,026,220), public utility tangible 2% (\$8,256,050) and general tangible property 1% (\$2,409,425). The voted general tax rate for operations at the fiscal year ended June 30, 2000 was \$89.66 per \$1,000 of assessed valuation and \$1.24 per \$1,000 of assessed valuation for debt retirement. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

The Cuyahoga County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District our portions of the taxes collected.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivables (total receivable less amount available intended to finance the current year) are therefore offset by a credit to deferred revenue. The amount available as an advance at June 30, 2000 was \$1,830,734 in the general fund, and \$58,574 in the bond retirement fund.

**(8) Receivables**

Receivables at June 30, 2000 consisted of taxes, accounts (rent and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(8) Receivables – (Continued)**

A summary of the principal items of receivables follows. The portion of receivables collected in the “available period” is recorded in the financial records.

	Amounts
General Fund	
Taxes	\$13,065,047
Accounts	37,101
Intergovernmental	2,750
Debt Service Fund	
Taxes	443,069
Enterprise Fund	
Accounts	3,724
Intergovernmental	7,128
Total Receivables	\$13,558,819

**(9) Fixed Assets**

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

Asset Category	Restated Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Land and Improvements	\$1,292,881	\$11,260		\$1,304,141
Buildings and Improvements	13,368,160	111,062		13,479,222
Furniture and Equipment	2,755,977	198,389		2,954,366
Buses, Vehicles - Other	882,512	56,051	\$70,000	868,563
Totals	\$18,299,530	\$376,762	\$70,000	\$18,606,292

A summary of the Proprietary Fund fixed assets at June 30, 2000 is as follows:

Furniture and Equipment	\$338,555
Less: Accumulated Depreciation	(253,810)
Net Fixed Assets – Proprietary Fund	\$84,745

**(10) Capitalized Leases - Lessee Disclosure**

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 “Accounting for Leases” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service in the Combined Financial Statements for the Governmental Funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Debt Account Group. Principal payments in the 2000 fiscal year totaled \$9,377. This amount is reflected as Debt Service Principal Retirement in the General Fund.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(10) Capitalized Leases - Lessee Disclosure – (Continued)**

The following is an analysis of capital lease equipment as of June 30, 2000:

	General Fixed <u>Assets</u>
Physical Fitness Equipment	\$ <u>47,005</u>

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000.

<u>June 30</u> <u>Year Ending</u>	<u>Fitness</u> <u>Equipment</u>
2001	\$10,513
2002	<u>5,256</u>
Total Minimum	\$15,769
Less: Amount Representing Interest	( <u>779</u> )
Present Value of Future Minimum Lease Payments	\$ <u>14,990</u>

**(11) Operating Leases**

Bay Village City School District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights, and therefore, the results of the lease agreements are not reflected in the District's account groups. During 2000, expenditures for operating leases totaled \$5,247. The following schedule is of future minimum lease payments as of June 30, 2000.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Amount</u>
2001	\$ 5,247
2002	5,247
2003	2,623
Total Minimum Lease Payment	<u><u>\$13,117</u></u>

**(12) Long Term Debt**

All current general obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Debt Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from a current 1.24 mill bonded debt tax levy.



**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(12) Long Term Debt – (Continued)**

**A. District Bonds/Notes Issues**

The following is a description of the District bonds and notes outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Bonds/Notes Retired In 2000</u>	<u>Outstanding 06/30/00</u>
School Improvement Bonds, Series 1983	9.5	10/1/83	12/1/04	\$625,000	\$30,000	\$150,000
Energy Conservation Improvement Bonds, Series 1996	5.3	7/1/96	7/1/03	450,000	60,000	275,000
School Improvement Refunding Bonds, Series 1997	3.75	12/01/97	12/01/10	3,459,990	280,000	2,689,990
IBM Computer Purchase Note	5.18	2/1/98	7/1/01	477,690	65,533	<u>141,678</u>
Total General Obligation Bonds/Notes						<u>\$3,256,668</u>

**B. Debt Service Requirements**

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds.

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	454,008	113,813	567,821
2002	472,670	91,358	564,028
2003	420,000	67,635	487,635
2004	440,000	45,104	485,104
2005	380,000	27,788	407,788
2006	375,000	8,531	383,531
2007	165,086	209,914	375,000
2008	152,326	212,674	365,000
2009	141,502	218,498	360,000
2010	133,012	226,988	360,000
2011	123,064	231,936	355,000
Total	<u>\$3,256,668</u>	<u>\$1,454,239</u>	<u>\$4,710,907</u>

**C. Prior-Year Defeasance of Debt**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment. On the old bonds, accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2000, \$2,689,990 of bonds outstanding is considered defeased.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(12) Long Term Debt – (Continued)**

**E. Schedule of Changes in Long Term Debt**

	Balance at 07/01/99	Additions	Deductions	Balance at 06/30/00
Compensated Absences	\$1,305,101	\$81,757		\$1,386,858
Due to Other Government	418,802		\$276,262	142,540
General Obligation Debt	3,484,990		370,000	3,114,990
Computer Purchase Note	207,211		65,533	141,678
Capital Leases	24,375		9,385	14,990
<b>Total</b>	<u>\$5,440,479</u>	<u>\$81,757</u>	<u>\$721,180</u>	<u>\$4,801,056</u>

General obligation bonds will be paid from the debt service fund. Compensated absences, pension obligation, and monies due to other governments will be paid from the fund from which the employee is paid. Capital lease obligations and the computer purchase note will be paid from the general fund.

**F. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$29,362,842, and an unvoted debt margin of \$360,865.

**(13) Segment Information - Enterprise Funds**

The District maintains three Enterprise funds to account for the operations of food services, uniform school supplies sales and the Glenview Center for Child Care and Learning. The table below reflects in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2000.

	Glenview Center For Child Care And Learning	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$559,185	\$512,412	\$133,733	\$1,205,330
Depreciation Expense	2,804	15,273		18,077
Operating Income (Loss)	4,897	(112,065)	(25,861)	(133,029)
Transfers-In		25,000	20,000	45,000
Federal Donated Commodities		52,020		52,020
Interest		1,928		1,928
Grants		46,164		46,164
Other	489			489
Net Income (Loss)	5,386	13,047	(5,681)	12,572
Net Working Capital	18,269	14,557	44,137	76,963
Total Assets	121,351	147,923	44,488	313,762
Total Liabilities	96,038	55,665	351	152,054
Total Equity	25,313	92,258	44,137	161,708

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(14) 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 2000, the District contracted with Commercial Union Insurance for property and general liability insurance. Commercial Union Insurance also covers boiler and machinery. There is a \$1,000 deductible with a ninety percent co-insurance.

Professional liability is protected by Nationwide Insurance with a \$2,000,000 single occurrence limit and \$3,000 deductible. Vehicles are also covered by Nationwide Insurance and have a \$100 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded the commercial coverage in any of the past three years.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides employee medical, surgical, dental and life insurance benefits through a traditional and P.P.O. program. The plan has a \$200 single and \$400 family deductible provision with the employee paying either 5% or 10% of the premiums depending on the plan selected.

The District has been successful in health insurance cost containment by introducing a provider network program (P.P.O.) that now has over one third of the eligible staff enrolled. In addition, both employee professional associations have worked through the negotiations process to raise deductible and co-insurance in an effort to contain medical insurance cost.

The District also offers a board paid employee assistance program and a wellness program that focuses not only on physical wellness, but mental and emotional well being also.

Medical Mutual administers the health insurance program. The current single and family rates for the traditional program are \$183.70 and \$514.44 per month, respectively. The P.P.O. program rates are \$179.22 single and \$485.01 family per month.

The cost of the dental program is \$65.95 per month per eligible employee.

**(15) Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to School Employees Retirement System of Ohio, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(15) Defined Benefit Pension Plans – (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS Retirement Board within the rates allowed by the State statute. The adequacy of the contribution rates is determined annually. 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 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The District's contributions to SERS for the years ending June 30, 2000, 1999 and 1998 were \$504,025, \$429,533, and \$466,412, respectively; 52 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$240,402 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the General Long-Term Debt Account Group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available 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.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions to STRS for the fiscal years ending June 30, 2000, 1999 and 1998 were \$1,674,946, \$1,295,602 and \$1,330,004 respectively; 87 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$222,948 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

**(16) Postemployment Benefits**

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. Health care benefits are funded on a pay-as-you-go basis.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,783 million on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 was 8% percent of covered payroll.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(16) Postemployment Benefits – (Continued)**

For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.5 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times 0.607, then adding the surcharge due as of June 30, 2000, as certified to your district by SERS.

**(17) Budgetary Basis of Accounting**

While 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 Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types and Expendable Fund Types 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 the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(17) Budgetary Basis of Accounting – (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$458,941)	(\$28,881)	\$30,934	(\$74,462)	(\$612)
Revenue Accruals	115,831	(54)	3,342		
Expenditure Accruals	297,527	17,595	(107)		
Other Sources/Uses					
Encumbrances	318,264	38,283			
GAAP Basis	<u>\$272,681</u>	<u>\$26,943</u>	<u>\$34,169</u>	<u>(\$74,462)</u>	<u>(\$612)</u>

**(18) Contingencies**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are 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 District at June 30, 2000.

**B. Pending Litigation**

The Bay Village City School District is a defendant in certain litigation, the outcome of which cannot be determined. It is the opinion of the District's management that any judgment against the District would not have a material adverse effect on the District's financial position.

**(19) Jointly Governed Organizations**

**The Lake Erie Educational Computer Association (LEECA):** 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 computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent 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, the chairman of each of the operating committees, and at least one assembly member from each county in which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio 44035.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(19) Jointly Governed Organizations – (Continued)**

**Ohio Schools Council:** The Ohio Schools Council (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2000, the School District paid \$107,401 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI, and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

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

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

**The Bay Village Educational Foundation:** Is a jointly governed organization with the Bay Village City School District. The Bay Village Educational Foundation supports, promotes and funds creative programs designed by students and staff of the Bay Schools, which enhance excitement and enthusiasm for learning. Foundation monies provide programs that are not paid for with tax dollars. Gifts, donations and contributions of cash, securities or other property from any source whatever, may be made to and accepted by the Foundation to enable the Foundation to carry out its purpose. The Board of Trustees consists of at least nine (9) and not more than eighteen (18) Trustees.

**(20) Set-Aside Calculations and Fund Reserves**

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 School District is also required to set aside money for budget stabilization.

**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

**(20) Set-Aside Calculations and Fund Reserves – (Continued)**

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$104,250
Current Year Set-aside Requirement	\$453,216	\$453,216	0
Current Year Offsets	0	0	0
Qualifying Disbursements	<u>(486,952)</u>	<u>(681,391)</u>	<u>0</u>
Total	<u>(\$33,736)</u>	<u>(\$228,175)</u>	<u>\$104,250</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$33,738)</u>	<u>\$0</u>	<u>\$104,250</u>
Set-Aside Reserve Balance as of June 30, 2000	\$0	\$0	\$104,250

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. This extra money may be used to reduce the set-aside requirements of future fiscal years. Although the School District had offsets and 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. The total reserve balance for the three set-asides at the end of the fiscal year was \$104,250.

**(21) State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,465,488 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "major areas warrant further attention, study, and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.



**Bay Village City School District**  
Notes to the General Purpose Financial Statements  
June 30, 2000  
(Continued)

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**(21) Subsequent Events**

On December 27, 2000, the district issued \$10 million in School Improvement Bond Anticipation notes for the construction of a new middle school. On January 19, 2001, the district issued the remaining \$10 million. These notes are to mature on June 1, 2001. Additionally, the district issued \$20 million in General Obligation School Improvement Bonds, Series 2001 on March 15, 2001. The proceeds of these bonds will be used to extinguish the aforementioned bond anticipation note debt.

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**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**Schedule of Federal Awards Expenditures  
for the year ended June 30, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U. S. Department of Agriculture</u></b>						
<i>Passed Through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	NA	10.550	\$0	\$23,464	\$0	\$26,010
National School Lunch Program	43547 03-PU-00	10.555	17,702	0	17,702	0
	043547 03-PU-99		7,690	0	7,690	0
	043547 04-PU-00		13,736	0	13,736	0
	043547 04-PU-99		5,570	0	5,570	0
Total U. S. Department of Agriculture - Nutrition Cluster			<b>44,698</b>	<b>23,464</b>	<b>44,698</b>	<b>26,010</b>
<b><u>U. S. Department of Education</u></b>						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	43547 6B-SF-00	84.027	127,983	0	115,316	0
	043547 6B-SF-99		0	0	4,327	0
Special Education - Pre-School	43547 PG-S1-00	84.173	14,808	0	11,890	0
	043547 PG-S1-99		0	0	1,560	0
Total Special Education Cluster			142,791	0	133,093	0
Grants to Local Educational Agencies (ESEA Title I)						
	43547 C1-S1-00	84.010	84,979	0	65,442	0
	043547 C1-S1-99		37,893	0	41,019	0
Subtotal			122,872	0	106,461	0
Innovative Education Program						
	43547 C2-S1-00	84.298	16,390	0	6,979	0
	043547 C2-S1-99		2,224	0	2,224	0
Subtotal			18,614	0	9,203	0
Eisenhower Math and Science						
	43547 MS-S1-00	84.281	7,857	0	7,857	0
	043547 MS-S1-99		0	0	7,465	0
	043547 MS-S1-98		0	0	5,612	0
Subtotal			7,857	0	20,934	0
Drug Free Schools Grant						
	43547 DR-S1-00	84.186	9,350	0	8,889	0
	043547 DR-S1-99		0	0	6,601	0
Subtotal			9,350	0	15,490	0
Class Size Reduction						
	43547 CR-S1-00	84.340	26,245	0	26,245	0
Subtotal			26,245	0	26,245	0
Total U. S. Department of Education			<b>327,729</b>	<b>0</b>	<b>311,426</b>	<b>0</b>
Total Federal Assistance			<b>\$372,427</b>	<b>\$23,464</b>	<b>\$356,124</b>	<b>\$26,010</b>

Notes to the Schedule of Federal Awards Expenditures are an integral part of this statement.

**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (Schedule) summarizes the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2000, the District had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL LUNCH PROGRAM**

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

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance.



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

Board of Education  
Bay Village City School District  
Cuyahoga County  
377 Dover Center Road  
Bay Village, Ohio 44140

We have audited the financial statements of the Bay Village City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated April 6, 2001, wherein we noted the District restated fixed assets in the general fixed asset account group and retained earnings in the food service and rotary enterprise funds at June 30, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10818-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 6, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-10818-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 6, 2001.

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

**Jim Petro**  
Auditor of State

April 6, 2001



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

Board of Education  
Bay Village City School District  
Cuyahoga County  
377 Dover Center Road  
Bay Village, Ohio 44140

**Compliance**

We have audited the compliance of the Bay Village City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 6, 2001.

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

**Jim Petro**  
Auditor of State

April 6, 2001



**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iii)	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Sec. .510?</i>	No
(d)(1)(vii)	<i>Major Programs (list)</i>	<b>Special Education Cluster:</b> Title VI-B CFDA #84.027 and Pre-School CFDA # 84.173
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

<b>Finding Number</b>	<b>2000-10818-001</b>
-----------------------	-----------------------

Ohio Rev. Code Section 5705.412 states that no school district shall adopt any appropriation measure, make any contract, give any order involving the expenditure of money, or increase during any school year any wage or salary schedule unless there is attached thereto a certificate signed by the treasurer, the president of the board, and the superintendent that the school district has in effect adequate revenue. Ohio Rev. Code Section 5705.412 provides that any contract, salary schedule, or appropriation that is not certified is void as a matter of law and any payments made on the contract, salary schedule, or appropriation could be subject to repayment and recovery.

The District did not make the required certification of adequate revenue for the purchase of a school bus in the amount of \$53,520 and the purchase of a 1997 Case Back Hoe in the amount of \$17,550 during the fiscal year ended June 30, 2000.

The obligations, as listed above, are considered null and void. No payment may be made on void obligations. Officials knowingly executing an obligation contrary to Ohio Rev. Code Section 5705.412, expending or authorizing the expenditure of public funds contrary to Ohio Rev. Code Section 5705.412 or authorizing as making payment of public funds on a void obligation is liable for the full amount paid on the obligation up to \$10,000.

We recommend the District implement procedures to insure that the required certificate of adequate revenue is made for all contracts as defined under Ohio Rev. Code Section 5705.412.

<b>Finding Number</b>	<b>2000-10818-002</b>
-----------------------	-----------------------

The District performed a complete re-evaluation of their fixed assets at June 30, 2000. This re-evaluation disclosed that the District's general fixed assets were overstated by \$1,709,117 or 8.5 percent and enterprise fixed assets were understated by \$57,294 or 125.8 percent, at June 30, 1999.

The aforementioned mis-statements occurred due to the following:

- The District did not tag their assets, thus limiting their ability to adequately track the addition, deletion, or transfers of fixed assets throughout the District.
- The District did not complete fixed asset documentation forms to support the addition, deletion, or transfer of fixed assets.
- Because of these weaknesses the District ultimately posted incomplete or inaccurate information into its fixed asset system.

**BAY VILLAGE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

<b>Finding Number</b>	<b>2000-10818-002</b>
-----------------------	-----------------------

The above weaknesses resulted in a restatement of general fixed assets in the general fixed assets account group and retained earnings in the food service and rotary enterprise funds at June 30, 1999. Additionally, these weaknesses expose the district to the possible loss and/or theft of assets going undetected, and limits the District's ability to determine whether they are maintaining proper levels of property insurance coverage.

The District needs to evaluate its current fixed asset accounting manual to determine whether it contains the necessary procedures to assure that all additions, deletions, and transfers are properly documented and posted to the fixed asset system to ensure completeness, existence, and valuation of reported assets. Additionally, the District should consider tagging all assets or developing alternative procedures, in the absence of employing inventory tags, to assist in this process.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BAY VILLAGE CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 8, 2001**