



**OLMSTED FALLS 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**



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Board of Education  
Olmsted Falls City School District  
Cuyahoga County  
26937 Bagley Road  
Olmsted Falls, Ohio 44138-0010

We have audited the accompanying general-purpose financial statements of the Olmsted Falls 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 Olmsted Falls 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 for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2000 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 made 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

December 12, 2000

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**Olmsted Falls 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>				
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$1,208,625	\$358,266	\$1,447,991	\$50,299
Investments	0	0	51,446	0
Receivables:				
Taxes	14,657,714	0	1,399,786	149,628
Accounts	3,036	1,506	0	0
Intergovernmental	48,197	0	0	0
Settlement	3,140,000	0	0	0
Interfund Receivable	20,012	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies				
Inventory	133,031	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	107,132	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<u><u>\$19,317,747</u></u>	<u><u>\$359,772</u></u>	<u><u>\$2,899,223</u></u>	<u><u>\$199,927</u></u>



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$98,764	\$210,823	\$47,773	\$0	\$0	\$3,422,541
0	0	0	0	0	51,446
0	0	0	0	0	16,207,128
3,895	998	0	0	0	9,435
0	0	0	0	0	48,197
0	0	0	0	0	3,140,000
0	0	0	0	0	20,012
26,545	0	0	0	0	26,545
1,669	0	0	0	0	134,700
0	0	0	0	0	107,132
212,105	0	0	34,396,143	0	34,608,248
0	0	0	0	1,766,180	1,766,180
0	0	0	0	25,096,283	25,096,283
<u>\$342,978</u>	<u>\$211,821</u>	<u>\$47,773</u>	<u>\$34,396,143</u>	<u>\$26,862,463</u>	<u>\$84,637,847</u>

(continued)

**Olmsted Falls City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$128,907	\$26,668	\$0	\$15,359
Accrued Wages and Benefits	2,163,187	42,661	0	0
Compensated Absences Payable	27,742	0	0	0
Special Termination Benefits Payable	190,736	0	0	0
Interfund Payable	0	18,110	0	0
Intergovernmental Payable	351,653	2,150	0	0
Deferred Revenue	15,717,010	0	1,133,043	126,808
Due to Students	0	0	0	0
Notes Payable	1,900,000	0	0	0
Claims Payable	0	0	0	0
Loans Payable	1,078,500	0	0	0
Classroom Facilities Loan Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>21,557,735</u>	<u>89,589</u>	<u>1,133,043</u>	<u>142,167</u>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance (Deficit):				
Reserved for Encumbrances	499,433	27,368	0	30,479
Reserved for Inventory	133,031	0	0	0
Reserved for Property Taxes	1,947,330	0	249,644	21,357
Reserved for Budget Stabilization	106,632	0	0	0
Reserved for Bus Purchase	500	0	0	0
Unreserved:				
Designated for Budget Stabilization	117,286	0	0	0
Undesignated	(5,044,200)	242,815	1,516,536	5,924
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>(2,239,988)</u>	<u>270,183</u>	<u>1,766,180</u>	<u>57,760</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$19,317,747</u>	<u>\$359,772</u>	<u>\$2,899,223</u>	<u>\$199,927</u>
See accompanying notes to the general purpose financial statements				

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$4,704	\$323	\$1,278	\$0	\$0	\$177,239
9,974	0	0	0	0	2,215,822
7,500	0	0	0	2,092,241	2,127,483
0	0	0	0	189,736	380,472
0	0	1,902	0	0	20,012
12,503	0	0	0	241,674	607,980
19,716	0	0	0	0	16,996,577
0	0	44,593	0	0	44,593
0	0	0	0	51,446	1,951,446
0	170,443	0	0	0	170,443
0	0	0	0	0	1,078,500
0	0	0	0	8,149,055	8,149,055
0	0	0	0	477,299	477,299
0	0	0	0	15,661,012	15,661,012
<u>54,397</u>	<u>170,766</u>	<u>47,773</u>	<u>0</u>	<u>26,862,463</u>	<u>50,057,933</u>
0	0	0	34,396,143	0	34,396,143
134,714	0	0	0	0	134,714
153,867	41,055	0	0	0	194,922
0	0	0	0	0	557,280
0	0	0	0	0	133,031
0	0	0	0	0	2,218,331
0	0	0	0	0	106,632
0	0	0	0	0	500
0	0	0	0	0	117,286
0	0	0	0	0	(3,278,925)
<u>288,581</u>	<u>41,055</u>	<u>0</u>	<u>34,396,143</u>	<u>0</u>	<u>34,579,914</u>
<u>\$342,978</u>	<u>\$211,821</u>	<u>\$47,773</u>	<u>\$34,396,143</u>	<u>\$26,862,463</u>	<u>\$84,637,847</u>

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000*

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Taxes	\$13,613,767	\$0	\$1,772,422
Intergovernmental	8,901,118	542,653	196,901
Interest	275,058	2,796	0
Tuition and Fees	327,604	0	0
Extracurricular Activities	0	297,219	0
Contributions and Donations	0	142,437	0
Charges for Services	132,564	0	0
Rentals	28,985	4,308	0
Miscellaneous	258,029	30,374	0
<i>Total Revenues</i>	<u>23,537,125</u>	<u>1,019,787</u>	<u>1,969,323</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	10,023,524	118,663	0
Special	1,758,812	95,516	0
Vocational	291,252	0	0
Adult/Continuing	14,544	0	0
Support Services:			
Pupils	930,980	111,356	0
Instructional Staff	561,206	86,602	0
Board of Education	84,874	0	0
Administration	1,417,377	45,585	0
Fiscal	606,951	0	567
Operation and Maintenance of Plant	2,381,386	0	0
Pupil Transportation	1,156,360	0	0
Central	76,483	44,714	0
Operation of Non-Instructional Services	50,815	139,716	0
Extracurricular Activities	674,150	387,923	0
Capital Outlay	29,451	0	0
Debt Service:			
Principal Retirement	196,489	0	1,481,890
Interest and Fiscal Charges	95,749	0	764,770
<i>Total Expenditures</i>	<u>20,350,403</u>	<u>1,030,075</u>	<u>2,247,227</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,186,722</u>	<u>(10,288)</u>	<u>(277,904)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	27	0	0
Operating Transfers In	0	0	355,884
Operating Transfers Out	(397,784)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(397,757)</u>	<u>0</u>	<u>355,884</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	2,788,965	(10,288)	77,980
<i>Fund Balances (Deficit) Beginning of Year</i>	(5,048,569)	280,471	1,688,200
Increase in Reserve for Inventory	19,616	0	0
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$2,239,988)</u>	<u>\$270,183</u>	<u>\$1,766,180</u>
See accompanying notes to the general purpose financial statements			

<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$78,460	\$15,464,649
469,699	10,110,371
28,996	306,850
0	327,604
0	297,219
0	142,437
0	132,564
0	33,293
0	288,403
577,155	27,103,390
0	10,142,187
0	1,854,328
0	291,252
0	14,544
0	1,042,336
0	647,808
0	84,874
0	1,462,962
0	607,518
0	2,381,386
0	1,156,360
0	121,197
0	190,531
0	1,062,073
1,312,143	1,341,594
0	1,678,379
0	860,519
1,312,143	24,939,848
(734,988)	2,163,542
0	27
41,900	397,784
0	(397,784)
41,900	27
(693,088)	2,163,569
750,848	(2,329,050)
0	19,616
\$57,760	(\$145,865)

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenditures and Changes In  
Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$12,448,416	\$12,567,654	\$119,238
Intergovernmental	8,577,515	8,891,280	313,765
Interest	215,000	275,058	60,058
Tuition and Fees	250,480	327,604	77,124
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	126,000	132,564	6,564
Rentals	30,000	23,176	(6,824)
Miscellaneous	271,050	278,204	7,154
<i>Total Revenues</i>	<u>21,918,461</u>	<u>22,495,540</u>	<u>577,079</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	10,367,814	10,277,149	90,665
Special	2,184,378	2,179,554	4,824
Vocational	295,265	293,251	2,014
Adult/Continuing	18,069	15,843	2,226
Support Services:			
Pupils	994,488	981,793	12,695
Instructional Staff	581,862	574,226	7,636
Board of Education	109,228	102,490	6,738
Administration	1,461,123	1,455,087	6,036
Fiscal	635,199	628,586	6,613
Operation and Maintenance of Plant	2,488,161	2,443,334	44,827
Pupil Transportaton	1,263,888	1,250,044	13,844
Central	81,684	80,779	905
Operation of Non-Instructional Services	9,955	9,355	600
Extracurricular Activities	678,445	677,378	1,067
Capital Outlay	29,500	29,451	49
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>21,199,059</u>	<u>20,998,320</u>	<u>200,739</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>719,402</u>	<u>1,497,220</u>	<u>777,818</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	2,000,000	2,000,000	0
Proceeds from Sale of Fixed Assets	27	27	0
Advances In	0	0	0
Advances Out	(17,930)	(17,930)	0
Operating Transfers In	550,788	0	(550,788)
Operating Transfers Out	(3,528,084)	(3,528,084)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(995,199)</u>	<u>(1,545,987)</u>	<u>(550,788)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(275,797)</u>	<u>(48,767)</u>	<u>227,030</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	416,041	416,041	0
Prior Year Encumbrances Appropriated	351,218	351,218	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$491,462</u>	<u>\$718,492</u>	<u>\$227,030</u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,674,240	\$1,671,205	(\$3,035)
528,414	542,653	14,239	196,860	196,901	41
2,796	2,796	0	0	0	0
0	0	0	0	0	0
244,075	297,219	53,144	0	0	0
124,133	140,953	16,820	0	0	0
0	0	0	0	0	0
3,718	4,308	590	0	0	0
14,321	30,352	16,031	0	0	0
<u>917,457</u>	<u>1,018,281</u>	<u>100,824</u>	<u>1,871,100</u>	<u>1,868,106</u>	<u>(2,994)</u>
153,107	117,211	35,896	0	0	0
111,749	91,889	19,860	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
100,684	93,572	7,112	0	0	0
100,834	89,302	11,532	0	0	0
0	0	0	0	0	0
49,065	45,585	3,480	0	0	0
0	0	0	10,013	567	9,446
124	0	124	0	0	0
0	0	0	0	0	0
44,714	44,714	0	0	0	0
210,144	151,160	58,984	0	0	0
429,678	412,301	17,377	0	0	0
0	0	0	0	0	0
0	0	0	4,560,390	4,560,390	0
0	0	0	819,360	816,173	3,187
<u>1,200,099</u>	<u>1,045,734</u>	<u>154,365</u>	<u>5,389,763</u>	<u>5,377,130</u>	<u>12,633</u>
<u>(282,642)</u>	<u>(27,453)</u>	<u>255,189</u>	<u>(3,518,663)</u>	<u>(3,509,024)</u>	<u>9,639</u>
0	0	0	0	0	0
0	0	0	0	0	0
17,930	17,930	0	0	0	0
0	0	0	0	0	0
0	0	0	3,485,754	3,486,184	430
0	0	0	0	0	0
<u>17,930</u>	<u>17,930</u>	<u>0</u>	<u>3,485,754</u>	<u>3,486,184</u>	<u>430</u>
(264,712)	(9,523)	255,189	(32,909)	(22,840)	10,069
221,247	221,247	0	1,522,277	1,522,277	0
94,973	94,973	0	0	0	0
<u>\$51,508</u>	<u>\$306,697</u>	<u>\$255,189</u>	<u>\$1,489,368</u>	<u>\$1,499,437</u>	<u>\$10,069</u>

(continued)

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenditures and Changes In  
Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2000*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$148,921	\$68,602	(\$80,319)
Intergovernmental	469,699	469,699	0
Interest	28,770	28,996	226
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>647,390</u>	<u>567,297</u>	<u>(80,093)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	22,631	22,631	0
Special	0	0	0
Vocational	905	905	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	23	23	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportaton	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	1,531,943	1,531,364	579
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>1,555,502</u>	<u>1,554,923</u>	<u>579</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(908,112)</u>	<u>(987,626)</u>	<u>(79,514)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	41,900	41,900	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>41,900</u>	<u>41,900</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(866,212)</u>	<u>(945,726)</u>	<u>(79,514)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(43,900)</u>	<u>(43,900)</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>994,086</u>	<u>994,086</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$83,974</u>	<u>\$4,460</u>	<u>(\$79,514)</u>

See accompanying notes to the general purpose financial statements.



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$14,271,577	\$14,307,461	\$35,884
9,772,488	10,100,533	328,045
246,566	306,850	60,284
250,480	327,604	77,124
244,075	297,219	53,144
124,133	140,953	16,820
126,000	132,564	6,564
33,718	27,484	(6,234)
285,371	308,556	23,185
<u>25,354,408</u>	<u>25,949,224</u>	<u>594,816</u>
10,543,552	10,416,991	126,561
2,296,127	2,271,443	24,684
296,170	294,156	2,014
18,069	15,843	2,226
1,095,172	1,075,365	19,807
682,696	663,528	19,168
109,228	102,490	6,738
1,510,188	1,500,672	9,516
645,235	629,176	16,059
2,488,285	2,443,334	44,951
1,263,888	1,250,044	13,844
126,398	125,493	905
220,099	160,515	59,584
1,108,123	1,089,679	18,444
1,561,443	1,560,815	628
4,560,390	4,560,390	0
819,360	816,173	3,187
<u>29,344,423</u>	<u>28,976,107</u>	<u>368,316</u>
<u>(3,990,015)</u>	<u>(3,026,883)</u>	<u>963,132</u>
2,000,000	2,000,000	0
27	27	0
17,930	17,930	0
(17,930)	(17,930)	0
4,078,442	3,528,084	(550,358)
<u>(3,528,084)</u>	<u>(3,528,084)</u>	<u>0</u>
<u>2,550,385</u>	<u>2,000,027</u>	<u>(550,358)</u>
(1,439,630)	(1,026,856)	412,774
2,115,665	2,115,665	0
<u>1,440,277</u>	<u>1,440,277</u>	<u>0</u>
<u>\$2,116,312</u>	<u>\$2,529,086</u>	<u>\$412,774</u>

**Olmsted Falls City School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Revenues</b>			
Sales	\$719,616	\$0	\$719,616
Charges for Services	0	1,665,421	1,665,421
<i>Total Operating Revenues</i>	<u>719,616</u>	<u>1,665,421</u>	<u>2,385,037</u>
<b>Operating Expenses</b>			
Salaries and Wages	272,153	0	272,153
Fringe Benefits	70,133	0	70,133
Purchased Services	5,719	400,789	406,508
Materials and Supplies	221,284	0	221,284
Cost of Sales	238,219	0	238,219
Depreciation	26,945	0	26,945
Claims	0	1,231,193	1,231,193
Other	3,745	0	3,745
<i>Total Operating Expenses</i>	<u>838,198</u>	<u>1,631,982</u>	<u>2,470,180</u>
<i>Operating Income (Loss)</i>	<u>(118,582)</u>	<u>33,439</u>	<u>(85,143)</u>
<b>Non-Operating Revenues</b>			
Federal Donated Commodities	57,339	0	57,339
Operating Grants	108,690	0	108,690
Interest	2,796	0	2,796
<i>Total Non-Operating Revenues</i>	<u>168,825</u>	<u>0</u>	<u>168,825</u>
<i>Net Income</i>	50,243	33,439	83,682
<i>Retained Earnings Beginning of Year</i>	<u>103,624</u>	<u>7,616</u>	<u>111,240</u>
<i>Retained Earnings End of Year</i>	153,867	41,055	194,922
<i>Contributed Capital Beginning and End of Year</i>	<u>134,714</u>	<u>0</u>	<u>134,714</u>
<i>Total Fund Equity End of Year</i>	<u>\$288,581</u>	<u>\$41,055</u>	<u>\$329,636</u>

See accompanying notes to the general purpose financial statements.

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2000*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$767,512	\$784,343	\$16,831
Charges for Services	0	0	0
Interest	2,796	2,796	0
Operating Grants	108,690	108,690	0
<i>Total Revenues</i>	<u>878,998</u>	<u>895,829</u>	<u>16,831</u>
<b>Expenses</b>			
Salaries and Wages	295,433	294,718	715
Fringe Benefits	87,253	85,059	2,194
Purchased Services	10,000	6,486	3,514
Materials and Supplies	481,285	466,104	15,181
Claims	0	0	0
Other	4,090	3,746	344
<i>Total Expenses</i>	<u>878,061</u>	<u>856,113</u>	<u>21,948</u>
<i>Excess of Revenues Over Expenses</i>	937	39,716	38,779
<i>Fund Equity Beginning of Year</i>	37,727	37,727	0
Prior Year Encumbrances Appropriated	<u>8,335</u>	<u>8,335</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$46,999</u></u>	<u><u>\$85,778</u></u>	<u><u>\$38,779</u></u> (continued)

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types (continued)  
For the Fiscal Year Ended June 30, 2000*

	Internal Service Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Sales	\$0	\$0	\$0
Charges for Services	1,822,573	1,822,573	0
Interest	0	0	0
Operating Grants	0	0	0
<i>Total Revenues</i>	<u>1,822,573</u>	<u>1,822,573</u>	<u>0</u>
<b>Expenses</b>			
Salaries and Wages	0	0	0
Fringe Benefits	0	0	0
Purchased Services	400,466	400,466	0
Materials and Supplies	0	0	0
Claims	1,219,901	1,219,901	0
Other	0	0	0
<i>Total Expenses</i>	<u>1,620,367</u>	<u>1,620,367</u>	<u>0</u>
<i>Excess of Revenues Over Expenses</i>	202,206	202,206	0
<i>Fund Equity Beginning of Year</i>	7,616	7,616	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$209,822</u>	<u>\$209,822</u>	<u>\$0</u>

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$767,512	\$784,343	\$16,831
1,822,573	1,822,573	0
2,796	2,796	0
108,690	108,690	0
<u>2,701,571</u>	<u>2,718,402</u>	<u>16,831</u>
295,433	294,718	715
87,253	85,059	2,194
410,466	406,952	3,514
481,285	466,104	15,181
1,219,901	1,219,901	0
4,090	3,746	344
<u>2,498,428</u>	<u>2,476,480</u>	<u>21,948</u>
203,143	241,922	38,779
45,343	45,343	0
8,335	8,335	0
<u>\$256,821</u>	<u>\$295,600</u>	<u>\$38,779</u>

**Olmsted Falls City School District**  
*Combined Statement of Cash Flows*  
*All Proprietary Fund Types*  
*For the Fiscal Year Ended June 30, 2000*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$784,343	\$0	\$784,343
Cash Received from Quasi-External Transactions with Other Funds	0	1,822,573	1,822,573
Cash Payments to Suppliers for Goods and Services	(459,604)	(400,466)	(860,070)
Cash Payments to Employees for Services	(379,777)	0	(379,777)
Cash Payments for Claims	0	(1,218,900)	(1,218,900)
Cash Payments for Other	(3,746)	0	(3,746)
	(58,784)	203,207	144,423
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants Received	108,690	0	108,690
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	2,796	0	2,796
	52,702	203,207	255,909
<i>Net Increase in Cash and Cash Equivalents</i>			
<i>Cash and Cash Equivalents Beginning of Year</i>	46,062	7,616	53,678
<i>Cash and Cash Equivalents End of Year</i>	\$98,764	\$210,823	\$309,587
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i></b>			
Operating Income (Loss)	(\$118,582)	\$33,439	(\$85,143)
Adjustments:			
Depreciation	26,945	0	26,945
Donated Commodities Used During Year	57,339	0	57,339
(Increase) Decrease in Assets:			
Due from Other Funds	0	158,150	158,150
Accounts Receivable	(1,483)	(998)	(2,481)
Inventory Held for Resale	1,322	0	1,322
Materials and Supplies Inventory	(1,669)	0	(1,669)
Intergovernmental Receivable	13,830	0	13,830
Increase (Decrease) in Liabilities:			
Accounts Payable	1,473	323	1,796
Accrued Wages	(35,536)	0	(35,536)
Deferred Revenue	0	0	0
Intergovernmental Payable	(2,423)	0	(2,423)
Claims Payable	0	12,293	12,293
	59,798	169,768	229,566
<i>Total Adjustments</i>			
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$58,784)	\$203,207	\$144,423

See accompanying notes to the general purpose financial statements.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 1 - Description of the School District and Reporting Entity**

The Olmsted Falls City School District operates under a locally elected five member Board and provides educational services as mandated by State/or federal agencies. The School District, located in Cuyahoga and Lorain Counties with the majority of the district located in Cuyahoga County, includes the City of Olmsted Falls, a small portion of the City of Berea, Olmsted Township and a small portion of Columbia Hills Township. All of the communities served are located in Cuyahoga County with the exception of Columbia Hills Township, which is located in Lorain County. It is staffed by 132 non-certified personnel, 190 certified full-time teaching personnel and 14 administrative employees to provide services to 3,028 students and other community members. The School District operates 1 primary school (K-3), 1 intermediate school (4-5), 1 middle school (6-8), and 1 high school (9-12).

On March 22, 1999, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, a seven-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission's primary charge is to develop, adopt, and implement a five year financial recovery plan. The Commission accordingly adopted the School District's Plan on June 21, 1999. The Commission is comprised of a designee of the State Superintendent of Public Instruction, the School District Superintendent, a designee of the State Director of Budget and Management, an appointee of the governor, a designee of the County Auditor, the County Auditor, and a district appointed parent of a school district child. Once the plan has been adopted, the Board of Education discretion is limited in that all financial activity of the School District must be in accordance with the plan.

*Reporting Entity*

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

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

The School District is associated with three jointly governed organizations and one insurance purchasing pool. These organization are the Lake Erie Educational Computer Association (LEECA), the Ohio Schools Council, the Polaris Career Center, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis Of Presentation - Fund Accounting***

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

*Governmental Fund Types:*

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary and fiduciary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure 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 obligations principal, interest, and related costs.

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



**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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*Proprietary Fund Types:*

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund types:

*Enterprise Funds* - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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 purposes.

*Internal Service Fund* This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis.

*Fiduciary Fund Type:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's only fiduciary funds are agency funds. Agency funds are purely 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 School District, other than those accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

***B. Measurement Focus And Basis Of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues 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. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred, if measurable. There were no unbilled service charges receivables at year end. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

***C. Budgetary Process***

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

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers'

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for rate determination.

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2000.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures for the general fund and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations, within a the general or debt service fund, or alter object appropriations within functions within the general or debt service fund must be approved by the Board of Education. Allocations of appropriations among functions within a fund other than general and debt service funds may be made during the fiscal year by the Treasurer without Board approval.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

*Encumbrances:*

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

*Lapsing of Appropriations:*

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

***D. Cash And Investments***

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

During fiscal year 2000, investments were limited to manuscript bonds, STAROhio, and repurchase agreements.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$275,058, which includes \$158,406 assigned from other School District funds.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***E. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. Fixed Assets And Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not have any infrastructure.

Improvements are capitalized and depreciated over the remaining useful lives of fund fixed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements to proprietary fund fixed assets are depreciated.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten years.

***G. Intergovernmental Revenues***

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

*Entitlements*

*General Fund*

State Foundation Program

School Bus Purchases

State Property Tax Relief

*Non-Reimbursable Grants*

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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*Special Revenue Funds*

- Auxiliary Services
- Teacher Development
- Title VI B
- Title I
- Title VI
- Drug Free Schools
- Management Information Systems
- Early Childhood Education Development
- School to Work
- Conflict Management
- Data Communications
- Education for Economic Security
- Textbook Subsidy
- Vocational Education

*Capital Projects Fund*

- School Net Plus

*Reimbursable Grants*

*General Fund*

- Driver Education Reimbursement

*Proprietary Funds*

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to thirty-seven percent of the School District's operating revenue during the 2000 fiscal year.

***H. Interfund Assets/Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

***I 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 creation of a reserve for budget stabilization. See Note 23 for additional information regarding set-asides.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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***J. Compensated Absences***

The School District records compensated absences in accordance with the provisions of GASB Statement No. 16 "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after two years of current service with the School District.

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 obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***K. Accrued Liabilities And Long-Term Obligations***

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year end are generally considered not to have been paid with current available financial resources. Bonds, long term notes, long term loans, termination benefits and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

***L. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and 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 a reduction of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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***M. Fund Balance Reserves and Designations***

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for 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, property taxes, budget stabilization, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by the statute to protect against cyclical changes in revenues and expenditures.

Fund balance in the general fund includes a designation that represents the amount set-aside by the Board of Education for budget stabilization in excess of the statutory requirement.

***N. Contributed Capital***

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

***O. Estimates***

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

***P. Memorandum Only - Totals Columns***

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Accountability and Compliance**

The general fund concluded fiscal year 2000 with a fund balance of (\$2,239,988). The general fund balance improved during fiscal year 2000 from (\$5,048,569) at June 30, 1999 due to the passage of a 12.9 mill levy in February of 1999. The collection of this levy began the second half of fiscal year 2000. This levy will generate approximately \$3,800,000 per year.



**Olmsted Falls City School District**  
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**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$2,788,965	(10,288)	\$77,980	(\$693,088)
Revenue Accruals	(4,171,885)	16,424	(101,217)	(9,858)
Expenditure Accruals	(68,582)	35,910	397	(196,941)
Proceeds of Notes	2,000,000	0	0	0
Property Tax Revenue Accrual				
Note activity with differing Fund treatment:				
Transfers	3,130,300	0	(3,130,300)	0
Principal Retirement	(3,078,500)	0	3,078,500	0
Interest and Fiscal Charges	(51,800)	0	51,800	0
Encumbrances	(597,265)	(51,569)	0	(45,839)
Budget Basis	(\$48,767)	(9,523)	(\$22,840)	(\$945,726)

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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Net Income/Excess of Revenues Over Expenses  
Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$50,243	\$33,439
Revenue Accrual	(49,951)	157,152
Expense Accrual	25,462	12,614
Depreciation Expense	26,945	0
Encumbrances	(12,986)	(1,001)
Budget Basis	\$39,713	\$202,204

**Note 5 - Deposits and Investments**

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

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

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

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.

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

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

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

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

*Cash on Hand:* At year end, the School District had \$3,900 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was (\$371,500) and the bank balance was \$2,016. The entire bank balance was covered by federal depository insurance.

*Investments:* The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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	<u>Category 1</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Manuscript Bond	\$51,446	\$0	\$51,446	\$51,446
Repurchase Agreement		632,000	632,000	632,000
STAROhio			3,265,273	3,265,273
Totals	<u>\$51,446</u>	<u>\$632,000</u>	<u>\$3,948,719</u>	<u>\$3,948,719</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Accounting".

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash</u>	<u>Investments</u>
	<u>Equivalents/Deposits</u>	
GASB Statement 9	\$3,529,673	\$51,446
Investments which are part of the		
Cash management pool:		
Repurchase Agreement	(632,000)	632,000
STAROhio	(3,265,273)	3,265,273
Cash on Hand	(3,900)	0
GASB Statement 3	<u>(\$371,500)</u>	<u>\$3,948,719</u>

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

**Olmsted Falls City School District**  
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2000 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second Half Collections		2000 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$269,892,300	90.99%	\$283,180,670	91.31%
Public Utility	16,750,350	5.65	15,734,980	5.07
Tangible Personal Property	9,974,089	3.36	11,217,996	3.62
Total Assessed Value	<u>\$296,616,739</u>	<u>100.00%</u>	<u>\$310,133,646</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$81.90		\$91.70	

The School District passed a 12.9 mill levy in February of 1999. The collection of this levy began the second half of fiscal year 2000.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. This year, the June 2000 tangible personal property tax settlement was not received until July of 2000.

The Cuyahoga and Lorain County Treasurers collect property taxes on behalf of all taxing districts in the county, including Olmsted Falls City School District. The County Auditors periodically remit to the School District its portion of taxes. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000 and a delayed personal property settlement made in July. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$2,218,331 and is recognized as revenue. \$1,947,330 was available to the general fund, \$249,644 to the debt service fund and \$21,357 to the classroom facilities fund.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 7 - Receivables**

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

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Rentals Receivable	\$23,116
Tuition and fees	1,008
Other	24,073
Total General Fund	\$48,197

**Note 8 - Settlement Receivable**

The Olmsted Falls City School District in conjunction with Olmsted Township challenged a real property tax exemption claimed and received by The Renaissance Retirement Center. The exemption was granted for the tax years 1991 to 2006. This exemption was based on the facility providing medical services as a hospital. The challenge was appealed until reaching the Ohio Supreme Court. The Ohio Supreme Court ruled that some portion of the property was and is taxable. The taxable portion was then disputed. On May 13, 1998 a settlement was reached between The Renaissance Retirement Center, Olmsted Township, and Olmsted Falls City School District which provides a mortgage to Olmsted Falls City School District and Olmsted Township on several properties owned by The Renaissance Retirement Center. The settlement provides that The Renaissance Retirement Center shall make payments directly to the Olmsted Falls City School District. In the event of a default on the payments by The Renaissance, the mortgage provided by the settlement allows the Olmsted Falls City School District and Olmsted Township to foreclose on several properties owned by the Renaissance. The payments are to be made semi-annually beginning in January 1999 and continuing through July 2007. The total future payments to be made to the School District are reflected on the financial statements as settlement receivable and deferred revenue in the general fund.

**Note 9 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$573,273
Less Accumulated Depreciation	(361,168)
Net Fixed Assets	\$212,105

A summary of the changes in general fixed assets during fiscal year 2000 follows:

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Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$1,547,416	\$0	\$0	\$1,547,416
Buildings	25,170,333	0	0	25,170,333
Furniture and Equipment	4,854,435	318,162	0	5,172,597
Vehicles	1,793,213	0	0	1,793,213
Textbooks and Library Books	712,584	0	0	712,584
Totals	<u>\$34,077,981</u>	<u>\$318,162</u>	<u>\$0</u>	<u>\$34,396,143</u>

**Note 11 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with the Nationwide Commercial Insurance Company for property insurance. The deductible is \$1,000 per incident. Vehicles are insured with Nationwide as well and have a \$250 deductible. Professional liability is protected by the Nationwide Mutual Insurance Company for all Board Members, administrators, and employees with limits of \$2,000,000 per occurrence and \$5,000,000 aggregate limit.

The Ohio Casualty Insurance Company maintains both a \$20,000 public official bond for the Superintendent, and a \$20,000 public official bond for the Board of Education President. A \$20,000 public official bond for the Treasurer is maintained by Nationwide Insurance. Other employees handling money are covered by a \$5,000 public employees blanket bond provided by Ohio Casualty Insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverage from the last three years.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The school districts apply for participation each year. Each year, the School District pays an enrollment fee to the GRP to cover costs of administering the program. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District has elected to provide medical/surgical, vision, prescription and dental coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. This plan provides two medical insurance options. Traditional has a \$100 single and \$200 family deductible, SuperMed has no deductible. The Board

**Olmsted Falls City School District**  
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pays \$510.83 family and \$194.26 single per month into the internal service fund for the Traditional plan and \$456.64 family, \$173.03 single for the SuperMed plan. The dental plan has no deductible. The Board pays \$44.18 per month into the internal service fund for the dental plan. The vision plan has no deductible and the Board pays \$22.14 per month to the internal service fund for the vision plan. The prescription plan has no deductible and the board pays \$119.54 family, \$47.82 single for the prescription plan. A third party administrator, Medical Mutual of Ohio, reviews all claims which are then paid by the School District. The premiums are paid by the fund that pays the salary for the employee.

The claims liability of \$170,443 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator. The requirements of Governmental Accounting Standards Board Statement No. 10 require that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 1998 through 2000 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1998	\$415,606	\$1,282,986	\$1,547,957	\$150,635
1999	150,635	1,423,984	1,416,469	158,150
2000	158,150	1,231,193	1,218,900	170,443

**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 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 contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$271,043, \$279,470, and \$434,151, respectively; 49.46 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$134,058 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.



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***B. State Teachers Retirement System***

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$594,921, \$580,744, and \$1,267,735, respectively; 85.60 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$85,641 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**Note 13 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$281,604 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase of 2.2 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$278,501.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

#### **Note 14 - Other Employee Benefits**

##### ***A. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 90 days for classified employees and 80 days for certified employees.

##### ***B. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is equal to employees' annual salary amount rounded to the nearest one thousand dollars. Life insurance is covered through the Medical Mutual Life Insurance Company.

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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**Note 15 - Leases**

***A. Capital Leases***

General fixed assets consisting of equipment, vehicles, and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$1,085,502. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$196,489 in the governmental funds.

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

Fiscal Year Ending June 30,	GLTOAG
2001	\$234,408
2002	146,497
2003	69,115
2004	69,710
2005	14,768
Total	534,498
Less: Amount Representing Interest	(57,199)
Present Value of Net Minimum Lease Payments	\$477,299

***B. Operating Leases***

The School District has several noncancellable operating leases. The future minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2001	\$74,259
2002	63,531
2003	17,848
Total	\$155,638

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

**Note 16 - Long Term Obligations**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
<i>General Obligation Bonds:</i>				
Classroom Facilities Improvement 1995: 5.10-5.85%	\$7,340,000	\$0	(\$305,000)	\$7,035,000
Energy Conservation Improvement 1995: varying interest rates	870,000	0	(120,000)	750,000
School Improvement Refunding 1997 3.85-4.55%	\$5,030,000	\$0	(\$910,000)	\$4,120,000
School Improvement Refunding Capital Appreciation Debt 1997 6.50-6.75%	\$3,307,606	\$223,406	\$0	\$3,531,012
Various Purpose Improvement 1998 4.60%	250,000	0	(25,000)	225,000
High School Property	37,500	0	(37,500)	0
<b>Total General Obligation Bonds</b>	<b>16,835,106</b>	<b>223,406</b>	<b>(1,397,500)</b>	<b>15,661,012</b>
<i>General Obligation Long-Term Notes:</i>				
Energy Conservation Improvement 1992 5.75%	68,595	0	(17,149)	51,446
<i>State Classroom Facilities Loan:</i>				
Classroom Facilities Loan	8,216,296	0	(67,241)	8,149,055
<i>Capital Leases:</i>				
Kodak Copier 1995 11.15%	5,908	0	(5,016)	892
Finova Musical Instruments 1996	22,446	0	(10,663)	11,783
Orix Musical Instruments 1996 5.75%	20,784	0	(8,568)	12,216
National City Bank Computers 1996 6.59%	253,053	0	(99,968)	153,085
FirstMerit Computers 1997 10.00%	99,413	0	(27,239)	72,174
BlueBird Busses 1998 5.54%	109,125	0	(19,537)	89,588
All Lines Leasing Various Equipment 1998	4,094	0	(2,662)	1,432
BlueBird Bus 1998 5.54%	\$73,680	\$0	(\$10,686)	\$62,994

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Merrick Chevrolet Vans 1998 8.34%	\$44,924	\$0	(\$4,809)	\$40,115
Inter-Tel Phone Equipment 1999 10.95%	40,361	0	(7,341)	33,020
Total Capital Leases	<u>673,788</u>	<u>0</u>	<u>(196,489)</u>	<u>477,299</u>
Pension Obligation	73,252	241,674	(73,252)	241,674
Special Termination Benefits Payable	380,472	0	(190,736)	189,736
Compensated Absences	1,988,775	310,214	(206,748)	2,092,241
<i>Total General Long-Term Obligations</i>	<u><u>\$28,236,284</u></u>	<u><u>\$775,294</u></u>	<u><u>(\$2,149,115)</u></u>	<u><u>\$26,862,463</u></u>

All general obligation bonds will be paid from property taxes. Capital lease obligations will be paid from the fund utilizing the assets. Compensated absences, Special Termination Benefits Payable, and the pension obligation will be paid from the fund from which the person is paid.

The 1995 Classroom Facilities Improvement bonds were issued in the amount of \$10,500,000 as a result of the School District being approved for a \$8,654,439 school facilities loan as of December 1995 through the State Department of Education. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loan, the School District was required to pass a 0.5 mill levy. Of the 0.5 mill levy, half of the .5 mill is used for the retirement of the loan, and the other half is for facilities maintenance. This levy will be in effect for twenty-three years or until the loans with the State are repaid, whichever comes first. If a balance remains after twenty-three years, the unpaid balance on the loan will be forgiven. The bonds and loans will be repaid with tax revenue.

The 1997 general obligation bonds include capital appreciation bonds. This year the addition on these bonds include \$223,406, which represents the accretion of discounted interest remaining in fiscal year 2000 on the capital appreciation bonds.

The School District's overall voted legal debt margin at June 30, 2000, was \$10,720,507 with an unvoted debt margin of \$310,134 at June 30, 2000. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$1,025,000	\$609,977	\$1,634,977
2002	870,000	566,681	1,436,681
2003	905,000	525,565	1,430,565
2004	965,000	481,029	1,446,029
2005	1,065,000	431,894	1,496,894
2006-2010	4,449,087	3,233,059	7,682,146
2011-2015	3,621,925	2,689,929	6,311,854
2016-2018	2,760,000	248,333	3,008,333
Total	<u><u>\$15,661,012</u></u>	<u><u>\$8,786,467</u></u>	<u><u>\$24,447,479</u></u>

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

**Note 17 - Fund Obligations**

The School District's note and loan activity for the fiscal year ended June 30, 2000, was as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
<u>General Fund</u>				
Tax Anticipation Note 1999 5.50%	\$1,900,000	\$0	\$0	\$1,900,000
Cash Flow Borrowing Note	0	2,000,000	2,000,000	0
School Solvency Assistance Loan 1999 0.00%	2,157,000	0	1,078,500	1,078,500
Total Short Term Obligations	<u>\$4,057,000</u>	<u>\$2,000,000</u>	<u>\$3,078,500</u>	<u>\$2,978,500</u>

The notes are backed by the full faith and credit of the Olmsted Falls City School District and mature within one year. The note and loan liability is reflected in the fund which received the proceeds.

**Note 18 - Jointly Governed Organizations**

**A. Lake Erie Education Computer Association (LEECA)**

The Lake Erie Education Computer Association (LEECA) is a jointly governed organization among thirty School Districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of 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. The degree of control exercised by any participating school district is limited to its representation on the Board. The Olmsted Falls City School District paid \$29,829 to LEECA in fiscal year 2000. Each School district supports LEECA based on a per pupil charge dependent upon the software packages used. Financial information can be obtained by contacting the Treasurer at the Lorain County Educational Service Center, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio 44035.

**B. Ohio Schools Council**

The Ohio Schools' Council Association (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 \$93,524 to the Council. Financial information

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford, Ohio 44146.

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.

***C. Polaris Career Center***

The Polaris Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, which possess its own budgeting and taxing authority. Accordingly, the Polaris Career Center is not part of the School District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio.

**Note 19 - Insurance Purchasing Pool**

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

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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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 \$6,049,877 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$8,654,439 under this program.

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.

**Note 21 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supply sales. The table below reflects the more significant financial data relating to the enterprise funds of the Olmsted Falls City School District as of and for the fiscal year ended June 30, 2000.



**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

	Food Service	Uniform School Supplies	Totals
Operating Revenues	\$622,197	\$97,419	\$719,616
Depreciation Expense	26,945	0	26,945
Donated Commodities	57,339	0	57,339
Operating Loss	(95,951)	(22,631)	(118,582)
Operating Grants	108,690	0	108,690
Net Income (Loss)	72,875	(22,632)	50,243
Net Working Capital	58,948	25,028	83,976
Total Assets	313,714	29,264	342,978
Total Equity	263,553	25,028	288,581
Encumbrances Outstanding at June 30, 2000	3,184	9,802	12,986

**Note 22 - Set asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$106,632	\$0	\$0
Current Year Set-aside Requirement	0	431,800	431,800
Offsets	0	(34,491)	0
Qualifying Disbursements	0	(438,934)	(711,518)
Totals	<u>\$106,632</u>	<u>(\$41,625)</u>	<u>(\$279,718)</u>
Set-aside balance carried forward to Future Fiscal Years	<u>\$106,632</u>	<u>\$0</u>	<u>(\$279,718)</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$106,632</u>	<u>\$0</u>	<u>\$0</u>

**Olmsted Falls City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2000*

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The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirements 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 \$106,632.

**Note 23 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

***B. Litigation***

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

**Note 24 - Subsequent Event**

On August 25, 2000 the Auditor of State removed the School District from fiscal emergency. Accordingly, the seven-member Financial Planning and Supervision Commission was dissolved.

**OLMSTED FALLS 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	Disbursements	Non-Cash Disbursements
<b>U. S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution	NA	10.550	\$0	\$52,668	\$0	\$60,119
National School Lunch Program	044701 03/04-PU-00	10.555	108,690	0	108,690	0
Total U. S. Department of Agriculture - Nutrition Cluster			<b>108,690</b>	<b>52,668</b>	<b>108,690</b>	<b>60,119</b>
<b>U. S. Department of Education</b>						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	046573 6B-SF-00	84.027	172,885	0	162,686	0
	046573 6B-SF-99		6,635	0	14,181	0
Special Education - Pre-School Grants	046573 PG-S1-00	84.173	18,811	0	16,006	0
	046573 PG-S1-99		0	0	3,391	0
Total Special Education Cluster			198,331	0	196,264	0
Grants to Local Educational Agencies (ESEA Title I)						
	046573 C1-S1-00	84.010	48,548	0	42,299	0
	046573 C1-S1-99		0	0	11,385	0
Subtotal			48,548	0	53,684	0
Innovative Educ. Program Strategies						
	046573 C2-S1-00	84.298	4,810	0	993	0
	046573 C2-S1-99		2,124	0	6,471	0
Subtotal			6,934	0	7,464	0
Eisenhower Professional Development State Grants						
	046573 MS-S1-00	84.281	8,795	0	741	0
	046573 MS-S1-99		8,532	0	3,344	0
	046573 MS-S1-97		0	0	4,500	0
			17,327	0	8,585	0
Safe and Drug-Free Schools and Communities State Grants						
	046573 DR-S1-00	84.186	3,768	0	4,980	0
	046573 DR-S1-99		1,578	0	5,390	0
Subtotal			5,346	0	10,370	0
Title VI-R - Class Size Reduction						
	046573 CR-S1-00	84.340	23,697	0	13,925	0
Total U. S. Department of Education			<b>300,183</b>	<b>0</b>	<b>290,292</b>	<b>0</b>
<b>U. S. Department of Labor</b>						
<i>Passed Through the Ohio Department of Education</i>						
Employment Services and Job Training	046753 WK-BE-99	17.249	0	0	5,000	0
Total U. S. Department of Labor			<b>0</b>	<b>0</b>	<b>5,000</b>	<b>0</b>
Total Federal Assistance			<b>\$408,873</b>	<b>\$52,668</b>	<b>\$403,982</b>	<b>\$60,119</b>

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

*Notes to the Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2000*

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**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.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Olmsted Falls City School District  
Cuyahoga County  
26937 Bagley Road  
Olmsted Falls, Ohio 44138-0010

We have audited the financial statements of the Olmsted Falls 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 December 12, 2000. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 12, 2000.

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

However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 12, 2000.

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

**Jim Petro**  
Auditor of State

December 12, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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  
Olmsted Falls City School District  
Cuyahoga County  
26937 Bagley Road  
Olmsted Falls, Ohio 44138-0010

### **Compliance**

We have audited the compliance of the Olmsted Falls 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.

**Internal Control Over Compliance  
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 12, 2000.

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

**Jim Petro**  
Auditor of State

December 12, 2000



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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A-133 §.505

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

OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505

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

Finding Number	
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None

**3. FINDINGS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**OLMSTED FALLS 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  
JANUARY 11, 2001**