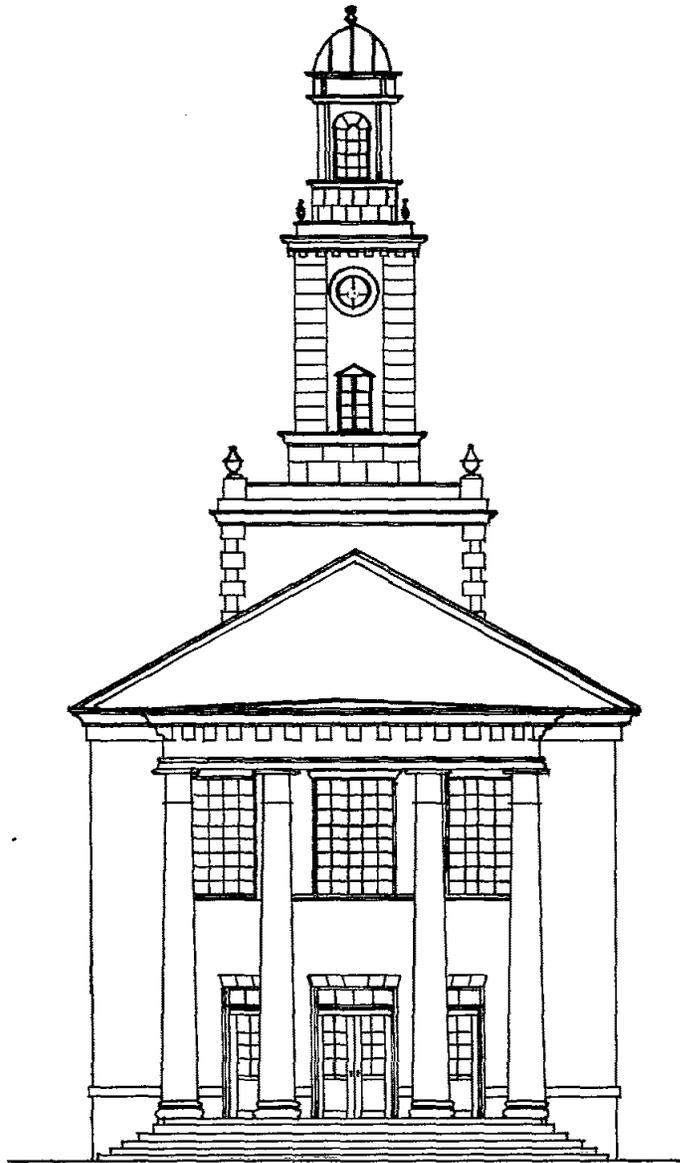


Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 1999



Cuyahoga Heights Local School District
Cuyahoga Heights, Ohio

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

OF THE

CUYAHOGA HEIGHTS, OHIO

LOCAL SCHOOL DISTRICT

FOR THE

FISCAL YEAR ENDED JUNE 30, 1999

**PREPARED BY
TREASURER'S DEPARTMENT
CYNTHIA STRICKLAND, RSBFO, TREASURER**

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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December 22, 1999

Board of Education Members and Residents
of the Cuyahoga Heights Local School District

We are pleased to submit to you Cuyahoga Heights Local School District's first Comprehensive Annual Financial Report (CAFR). This report provides full disclosure of the financial operation of the School District (the "District") for the fiscal year ended June 30, 1999. This CAFR, which includes an opinion from the Independent Public Accounting Firm that performed the District's audit, conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report will provide the taxpayers of the District with comprehensive financial data in a format which will enable them to gain an understanding of the District's financial affairs. Copies will be made available to the Chambers of Commerce, major taxpayers, the Cleveland Public Library, Cuyahoga County Colleges and Universities, financial rating services, and other interested parties.

The comprehensive annual financial report is presented in three sections:

1. The Introductory Section, which is unaudited, includes this transmittal letter, a table of contents, list of principal officials, and the District's organizational chart.
2. The Financial Section, which includes the independent auditor's report, the general purpose financial statements and explanatory notes, and combining and individual fund and account group financial statements and schedules.
3. The Statistical Section, which is unaudited, includes various tables which reflect financial and demographic information, financial trends, and the fiscal capacity of the District.

School District Organization

Cuyahoga Heights Local School District is one of 612 school districts in the State of Ohio and 33 in Cuyahoga County. It provides education to approximately 840 students in grades K-12. A half-day class for pre-school children is also provided. The district is located in Cuyahoga County in northeastern Ohio, approximately five miles south of the downtown area of the City of Cleveland. The District's territory encompasses all the territory of the Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View. The district was formed in 1938. The first graduating class of the District was the class of 1939.

Statutorily, the District operates under standards prescribed by the Ohio State Board of Education as provided in Division (D) of Section 3301.47 and Section 110.01 of the Ohio Revised Code, to provide educational services authorized and mandated by State and/or Federal agencies.

A five member Board of Education serves as the taxing authority, contracting body and policy maker for the District. The Board adopts the annual operating budget and approves all expenditures of District monies. Two of the Board members have served eight years each, one Board member has served six years and two Board members have served two years each. The two senior Board members were each re-elected in November, 1999 to another term of four years, thus insuring continuity in the governing body of the District.

The superintendent is the chief administrative officer of the District, responsible for both education and support operations. The treasurer is the chief financial officer of the District, responsible for maintaining records of all financial matters, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as specified by Ohio law.

The Reporting Entity

The District has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. In evaluating how to define the District for financial reporting purposes, management has considered all agencies, departments, and organizations making up the District (the primary government) and its potential component units.

Excluded from the reporting entity because they are fiscally independent of the District, are the Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View, the Parent-Teacher Association, and the Booster Clubs. The Lakeshore Northeast Computer Association and Cuyahoga Valley Career Center are reported as a joint venture without equity interest and a jointly governed organization, respectively. The District is a member of the Ohio Schools' Council, a jointly governed organization, and participates in the Council's Electricity and Natural Gas purchasing program, as well as an insurance purchasing pool for employee dental, vision and group life insurance. The District also participates in the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool.

Economic Outlook

The boundaries of the District limit opportunities for residential property growth. Industrial enterprises represent over 90% of the District's tax duplicate. The unemployment rate for both Cuyahoga County and the State of Ohio was 4.1 percent for October, 1999. The rate of unemployment for the United States during the same time period was 4.2 percent.

The District will benefit from additional enterprises within the three villages. Recently granted tax abatements to certain companies have resulted in revenue-sharing agreements with each of the three villages.

The District's financial condition continues to be an area of focus for the Board of Education and Administration. In litigation now referred to as the "DeRolph Case", the Perry County Court of Common Pleas in 1995 declared the State's method of funding school districts to be unconstitutional. On March 24, 1997, the Ohio Supreme Court upheld most of the Perry County ruling by 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 District.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Supreme Court. As of December 31, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the 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.

Major Initiatives

In 1999, the District's Board of Education adopted the following mission statement:

The mission of the Cuyahoga Heights Local School District is to develop life-long learners with a positive self-concept who see themselves as active participants in a global community and who are, therefore, economically productive, socially and environmentally responsible, and appreciative of the unique contributions of each culture that comprise that community.

The Board of Education also adopted seven Academic Strategic Plan Goals, which were developed by a collaborative effort of administrators, teachers, and community residents, and has become the blueprint for achieving academic excellence into the next millennium. The Academic Strategic Plan focuses on teaching strategies, curriculum and instruction and gives a clear vision and sense of the intended future and why.

1. To infuse technology in all areas of learning (K-12).
2. To raise expectations and achievement levels in all children.
3. To develop stronger communication between students, parents, and teachers in all personal and academic matters.
4. To develop a "blueprint of success" for all children.
5. To emphasize and incorporate basic skills through problem-solving and decision making.
6. To encourage more parent involvement in all phases of their child's development.
7. To assess or audit the curriculum more frequently.

A Total Quality School

With the implementation of the Academic Strategic Plan, the District is involved in a long-term, systematic transformation to raise achievement levels and to continuously improve. Quality education has always been and will continue to be a priority with the Cuyahoga Heights Local Schools.

Guidance Program

The District's extensive guidance program encompasses early childhood through grade 12. In addition to specific guidance programming, the overriding goal is to make sure that no student ever "falls through the cracks". At the elementary school, counselors provide special programs that concentrate on social skills, family change, self-esteem and decision-making. Additional programs are provided for dealing with conflict resolution, stress reduction, and career exploration. Support groups for parents meet weekly to provide additional assistance. At the middle school, small personal growth groups have been successful. At the high school level, group counseling focuses on test-taking skills, mentoring programs, career exploration, and academic long term planning. Although counselors often meet with students in small groups, they also meet with students individually at all grade levels, from early childhood through grade 12.

Curriculum and Instruction

The heart of an educational program is the curriculum or content that is provided to students on a daily basis. Teachers work with the Director of Curriculum and Technology, principals, and outside consultants to develop curriculum and programs that challenge students to reach higher standards. During the curriculum assessment phase, an in-depth study of recent trends in the subject area, a study of District test results, and other data that provide evidence of continual improvement and effectiveness of the curriculum were all incorporated in revisions made to the curriculum.

Pre-Kindergarten Program

The Pre-Kindergarten teachers' course of study was revised to focus on a curriculum that is developmentally appropriate for four- and five-year old children. The philosophy and curriculum is based on the cognitive, emotional, physical, and social needs of young children. Furthermore, the course of study is carefully articulated with the Kindergarten and First grade curriculum. In addition, the teachers focus on assessment strategies and parent involvement.

Technology

- Exit profiles were in place for the first time in grades 5 and 8. Students in grade five completed their own web page. Students in grade 8 completed a personal and academic multimedia project.
- A network manager continues to ensure that all computer hardware, software, and technology systems are working as efficiently and effectively as possible.
- Computers are available in the Elementary School computer labs. In the High School, students have access to computers throughout the day in a computer lab and in the library media center. The computer lab is open before school and after school for the students' use.
- The school libraries provide additional electronic resources for the students, including a wide variety of research information available on compact disc, and access to the Internet.
- Interactive computer assessment software provides mathematics and reading assistance to students in grades 1-8.
- A staff development program encouraged staff to further integrate computer technology into their curriculum. Staff members created multimedia programs, initiated e-mail projects with corporations, began collaborative projects between Elementary School and High School classes, and did extensive lesson planing research on the Internet. They also participated in SchoolNet Tools training workshops: Information, Productivity, Multimedia, and Networking. To date, 39 staff members have become certified in all four areas.
- The District has developed the school's web page; the address is: www.cuyhts.org.

Student Assessment

Student assessment is an ongoing process that occurs continually in the classroom. Standardized testing is just one form of assessment used by our staff to help children meet their fullest potential. The most familiar example of standardized tests are the State-mandated Ohio Proficiency Tests. Ohio is one of twenty-two states in the nation to use such tests to measure academic achievement (reading, writing, math, citizenship, and science). Children are given these statewide tests in grades 4, 6, 8, 9, and 12. Shown below are the results from Proficiency Tests given in the 1998-99 school year:

Percent of Students Passing 1998-99 State Proficiency Exam

<u>Grade</u>	<u>Writing</u>	<u>Reading</u>	<u>Math</u>	<u>Citizenship</u>	<u>Science</u>
4	86	86	84	92	80
6	93	79	79	93	74
8	92	100	85	91	89
9 *	99	100	87	97	97
12	95	85	72	72	69

*Students who have failed to pass the ninth grade Proficiency Test may not graduate, in accordance with Ohio statute.

FINANCIAL INFORMATION

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

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

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

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund. All purchase order requests must be approved by the Superintendent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation, plus any additional appropriations made to date. In addition to interim financial statements, each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible.

As an additional safeguard, all employees are covered by a blanket bond, and certain individuals in policy-making roles are covered by a separate, higher limit bond.

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

General Governmental Functions. The Governmental funds encompass the General, Special Revenue, Debt Service, and Capital Projects funds of the District.

Revenues for the Governmental funds totaled \$13,699,288 in fiscal year 1999. General property taxes produced 86.37 percent of total governmental fund revenues. State and Federal support accounted for 7.68 percent of the revenues. The amount of revenue from various sources and a comparison with the previous year is shown in the following tabulation:

	<u>1998</u> <u>Amount</u>	<u>1999</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
<i><u>Revenues and</u></i>					
<i><u>other financing sources</u></i>					
Taxes	\$ 9,706,586	\$11,832,611	86.37%	\$2,126,025	21.90%
Intergovernmental	856,407	1,052,237	7.68	195,830	22.87
Interest	341,225	345,708	2.52	4,483	1.31
Tuition and Fees	4,030	3,955	0.03	(75)	(1.86)
Other Local Revenues	122,237	98,425	0.72	(23,812)	(19.48)
Revenue from intermediate sources	109,975	81,367	0.60	(28,608)	(26.01)
Other financing sources	<u>914,946</u>	<u>284,985</u>	<u>2.08</u>	<u>(629,961)</u>	<u>(68.85)</u>
<i>Total</i>	<u>\$12,055,406</u>	<u>\$13,699,288</u>	<u>100.00%</u>	<u>\$1,643,882</u>	13.64%

The increase in tax revenue is due primarily to a full year's collection in fiscal 1999 of a 4.9 mill levy approved by the voters in 1997. Fiscal 1998 tax revenue included only six months of collection of this new levy.

The intergovernmental revenue increase is due to a change in the way the District pays for special education instruction provided by employees of the Educational Service Center of Cuyahoga County. Prior to fiscal 1999, State aid for these costs was sent directly to the service provider. In the current fiscal year, the District itself received the funds, and subsequently paid the ESC.

The decrease in other revenues and other local revenues was due to a rebate of workers' compensation insurance premium received in fiscal 1998, but not in fiscal 1999, and the decline in revenue from tax abatements with each of the three villages, as the older agreements in effect during the period began to phase-out.

The significant change in other financing sources reflects the one-time transfer of \$550,000 to the Permanent Improvement fund from the General fund during fiscal 1998, as well as the effect of proper Gaap-basis accounting for a new capital lease in fiscal 1998.

Governmental fund expenditures for fiscal year 1999 totaled \$12,300,888 and are summarized by major function as follows:

	<u>1998</u> <u>Amount</u>	<u>1999</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Change</u>	<u>Percent</u> <u>Change</u>
<i><u>Expenditures and</u></i>					
<i><u>other financing sources</u></i>					
Current:					
Instruction:					
Regular	\$ 4,122,677	\$ 4,638,008	37.70%	\$ 515,331	12.50%
Special	196,334	392,826	3.19	196,492	100.08
Adult/Continuing	173,605	109,703	0.90	(63,902)	(36.81)
Support Services:					
Pupil	840,432	1,104,593	8.98	264,161	31.43
Instructional Staff	516,411	511,198	4.16	(5,213)	(1.01)
Board of Education	39,995	45,722	0.37	5,727	14.32
Administration	487,518	776,680	6.31	289,162	59.31
Fiscal	401,531	488,215	3.97	86,684	21.59
Business	73,413	85,112	0.69	11,699	15.94
Operation and					
Maintenance	1,188,213	1,306,020	10.62	117,807	9.91
Pupil Transportation	431,048	546,238	4.44	115,190	26.72
Central	47,854	48,848	0.40	994	2.08
Community Services	39,545	69,409	0.56	29,864	75.52
Extracurricular Activities	420,272	529,225	4.30	108,953	25.92
Facilities Services	283,339	644,178	5.24	360,839	127.35
Capital Outlay	140,562	0	0.00	(140,562)	(100.00)
Debt Service:					
Principal Retirement	418,997	342,189	2.78	(76,808)	(18.33)
Interest & Fiscal Charges	322,499	308,938	2.51	(13,561)	(4.20)
Other Financing Uses	<u>843,786</u>	<u>353,786</u>	<u>2.88</u>	<u>(490,000)</u>	<u>(58.07)</u>
<i>Total</i>	<u>\$10,988,031</u>	<u>\$12,300,888</u>	<u>100.00%</u>	<u>\$1,312,857</u>	<u>11.95%</u>

Special instruction expenditures increased in fiscal 1999 due to a change in the way the District pays for non-employee service providers. This increase in expenditures was essentially offset by a similar increase in intergovernmental revenues (see page I 13).

The decrease in Adult/Continuing Education instruction was due to a reduced program scope for fiscal 1999, as well as a lower-than-expected summer school enrollment.

The increase in pupil support services was due to additional students being placed in out-of-District instructional programs, the employment of two new teacher's aides, the establishment of the middle school computer lab, and replacement of textbooks.

The increase in administration support services resulted from hiring additional administrative personnel, and the payment of termination benefits to administrative retirees.

Fiscal support services paid additional fees to the County Auditor and Treasurer in fiscal 1999, as a result of the increase in collections of delinquent real estate taxes.

Business support services expenditures increased in fiscal 1999 as a result of increased printing costs related to new courses of study and District newsletters.

Pupil transportation costs increased due to the purchase of a new school bus and truck in fiscal 1999.

Expenditures increased in the community services function because of the District's new 'Hall of Fame', in which outstanding alumni of the District are recognized.

The increase in extracurricular activities expenditures during fiscal 1999 was due largely to the Athletic fund expenditures related to the new high school track.

The dramatic increase in facilities expenditures during the year reflect the numerous improvement, renovation, and replacement projects undertaken by the District, many of which were still in progress at year end (see Note 8 to the financial statements).

Capital outlay expenditures in fiscal 1998 represented proper Gaap-basis accounting for a new capital lease in that year, although no cash was actually expended, and the effect is offset by a similar amount reported as an other financing source in fiscal 1998 (see page I 13). There were no new capital lease transactions in fiscal 1999.

Debt service requirements decreased in fiscal 1999 as the District continued to meet principal requirements of outstanding general obligation bonds and other general long-term obligations.

The decrease in other financing uses during the year reflects the one-time transfer of \$550,000 from the General fund to the Permanent Improvement fund during the previous fiscal year; however, the effect was offset by a similar amount reported as a transfer in (see page I 13).

General Fund Balance. The General fund concluded fiscal year 1999 with a fund balance of \$5,630,457, an increase of over \$1.9 million from the June 30, 1998, fund balance of \$3,723,182. The 4.9 mill operating levy passed in 1997 was collected during an entire fiscal year for the first time in 1999, and is primarily responsible for the increase in the General fund ending balance, as well as the ability of the District to make improvements to facilities and instruction, as described above. Management estimates that current tax rates will be sufficient for the next four to five years.

Financial Highlights - Proprietary Funds. Food service, uniform school supplies, and adult education are classified as Enterprise operations since they resemble those activities found in private industry; management periodically desires to determine the amount of net income or loss resulting from operations that are significantly financed from user fees. In total, the Enterprise funds had net income of \$7,718 for the year ended June 30, 1999, compared to net income of \$28,270 for the year ended June 30, 1998. It should be noted that net income includes the "non-cash" depreciation expense of \$1,774. The operating loss (before intergovernmental revenue and an operating transfer) totaled (\$94,480); thus, the reliance on outside support (federal funding of the National School Lunch and Commodities Program and a General fund operating transfer) is apparent. Absent the transfer from the General fund, the Enterprise funds concluded fiscal year 1999 with a net loss of (\$62,282).

The principal Internal Service fund carried on the financial records relates to self-insurance. This fund accounts for the revenues and expenses related to the provision of dental, vision, and prescription drug benefits to the District employees. The Employee Benefits Self-Insurance fund had a net loss during the year of (\$16,736), and retained earnings of \$52,256 at June 30, 1999, compared with net income of \$6,383 during fiscal 1998, and retained earnings of \$68,992 at June 30, 1998. Changes in the fund's claims liability over the past 5 fiscal years are reported in Note 11 to the financial statements.

Financial Highlights - Fiduciary Funds. Fiduciary funds are used to account for assets held by the District in a trustee capacity, or as an agent for individuals, other District organizations, other governments, and/or other funds. The Fiduciary funds of the District include the Expendable Trust fund, the Nonexpendable Trust fund, and Agency funds.

Expendable Trust fund assets have been donated to the District, and may be spent in their entirety for student scholarships and awards. The fund balance of the Expendable Trust fund at June 30, 1999 was \$1,894.

Nonexpendable Trust fund assets have been endowed in perpetuity to the District; i.e., the principal amount of the endowment may never be expended. Generally, the terms of the endowment specify that interest earnings on the invested corpus may be used to provide student scholarships. Interest earnings in fiscal 1999 totaled \$2,978. As of June 30, 1999, the endowed principal amount was \$42,673, while \$22,786 was available for student scholarships.

The District functions as fiscal agent for students (in the case of activity group accounts) and employees (monies collected for flowers and refreshments). Amounts reported as Agency fund assets are due to these student and employee groups; therefore, a liability is reported for a like amount.

General Fixed Assets. The general fixed assets of the District are used to carry on the main education and support function of the District and are not financial resources available for expenditure. The total general fixed assets at June 30, 1999, were \$17,518,163. Such assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets.

Debt Administration. At June 30, 1999, general obligation bonds outstanding totaled \$3,985,000. During fiscal year 1999, \$185,000 of general obligation bonds were retired. The District maintained its "A-1" rating from Moody's Investors Service, and its "AAA" rating from Standard and Poor's on general obligation bond issues. The energy conservation bonds outstanding at June 30, 1999 were \$1,046,187. During the fiscal year, \$121,642 of these bonds were retired. The ratio of net bonded debt to assessed valuation was .95 percent, down from 1.05 percent the previous year. The legal debt restriction in the State of Ohio is a limit of 9 percent of assessed valuation for voted debt, and .10 percent for unvoted debt. As of June 30, 1999, the voted debt margin was \$41,048,435 and the unvoted debt margin was \$496,661. All existing bond obligations are general obligation debt backed by the full faith and credit of the District and will be retired fully by fiscal year 2013.

Cash Management. The Board has an aggressive cash management program, which consists of expediting the receipt of revenues and prudently depositing cash, which is insured by the Federal Deposit Insurance Corporation or collateralized by a securities pool. The District invests available cash in instruments issued by the United States Government, the State Treasurer's Investment Pool (STAR Ohio), and other investments authorized by Chapter 135 of the Ohio Revised Code. Except for nonparticipating investment contracts such as certificates of deposit, investments at June 30, 1999 have been reported at fair value, which is based upon quoted market prices. The total amount of interest earned was \$349,525 for the year ended June 30, 1999; \$279,751 being credited directly to the General fund. This cash management program is beneficial because of access to daily balances, which enables the Board to maintain minimum balance accounts and invest available cash to the maximum extent.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management. The District operates and manages the vision benefits, dental benefits, and prescription drug benefits for employees on a self-insured basis. A third party administrator processes and pays the claims. The total benefits liability is limited by reinsurance that caps the individual liability at \$35,000 per employee, and an aggregate liability, for all covered employees, of \$967,225 for fiscal year 1999. The advantages of the self-insurance arrangement include the retention of reserves by the District, as well as savings on administrative costs. The control of the plan rests with the District.

The District uses the State Worker's Compensation plan and pays the premium based on a rate per \$100 of salaries. The District has joined the Ohio School Boards Association group rating plan for workers' compensation insurance, as a means of minimizing premiums. The District contracts with commercial carriers for general liability, property and casualty, vehicle, employee group health and life, and various other insurances. See Note 11 to the financial statements for additional risk management information.

Pension Plan. All District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the District to pay the employer share as determined by each retirement system. The District's 1999 contributions were \$149,648 paid as an employee portion and \$232,786 paid as the employer portion (\$382,434 total) to SERS, and \$417,195 paid as an employee portion and \$628,036 as the employer portion (\$1,045,231 total) to STRS. See Notes 13 and 14 to the general purpose financial statements for complete details.

INDEPENDENT AUDIT

Provisions of State statute require the District's financial statements to be subjected to an annual examination by an independent auditor. Those provisions have been satisfied and the opinion of the District's independent auditors is included herein.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report for the 1979 fiscal year.

AWARDS

The District will seek the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 1999 from the Association of School Business Officials International (ASBO), and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). These awards certify that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999 substantially conforms to the principles and standards of financial reporting as recommended and adopted by both organizations. The awards are granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. Management believes that the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999, which will be submitted to ASBO and GFOA for review, will conform to their principles and standards.

ACKNOWLEDGMENTS

The publication of this report significantly increases the accountability of the District to the taxpayers. This accomplishment would not have been possible without the support and efforts of the staff of the Treasurer's office and various administrators and employees of the District. Assistance of the County Auditor's office staff and other outside agencies made possible the fair presentation of statistical data.

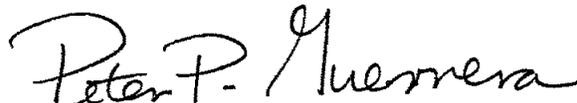
Special appreciation is expressed to Mrs. Carol Brown and Mrs. Sherri Lennon, CPA, of Trimble, Julian & Grube, Inc., who compiled this report; to Mrs. Sujata Sulzer of James G. Zupka, CPA, Inc., who audited this report; and to Mr. Stephen Euse, who designed the report cover.

Finally, sincere appreciation is extended to the Board of Education for its interest in and support of this project.

Respectfully,



Cynthia H. Strickland, RSBFO
Treasurer



Peter P. Guerrero
Superintendent

CUYAHOGA HEIGHTS LOCAL
SCHOOL DISTRICT

List of Principal Officials
June 30, 1999

Board of Education

Mr. Reno Contipelli President
Mr. Ronald Krzynowek Vice-President
Dr. Stephen Kenzig Member
Mr. Wayne Kriynovich Member
Mr. Kenneth Perk Member

Treasurer

Ms. C. H. Strickland, RSBFO

Administration

Mr. Peter P. Guerrera Superintendent
Mr. Allen Pavlish Director of Pupil Personnel and Operations
Mr. James Morrow Director of Curriculum and Technology

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Members of the Board of Education
Cuyahoga Heights Local School District
Cuyahoga Heights, Ohio

We have reviewed the Independent Auditor's Report of the Cuyahoga Heights Local School District, Cuyahoga County, prepared by James G. Zupka, C.P.A., Inc., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cuyahoga Heights Local School District is responsible for compliance with these laws and regulations.



JM PETRO
Auditor of State

January 12, 2000

JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Heights, Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475-6136

Member Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of Board of Education,
Superintendent, and Treasurer
Cuyahoga Heights Local School District, Ohio

We have audited the accompanying general-purpose financial statements of the Cuyahoga Heights Local School District, Ohio, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Cuyahoga Heights Local School District, Ohio's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

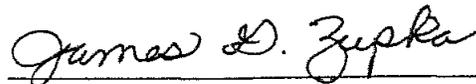
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose 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 Cuyahoga Heights Local School District, Ohio, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund 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 November 29, 1999, on our consideration of the Cuyahoga Heights Local School District, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the Cuyahoga Heights Local School District, Ohio. 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 presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the statistical section of this report and therefore express no opinion thereon.



James G. Zupka
Certified Public Accountant

November 29, 1999

GENERAL PURPOSE FINANCIAL
STATEMENTS

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Memorandum Only	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General		Long-Term Obligations
								Fixed Assets		
ASSETS AND OTHER DEBITS										
ASSETS:										
Equity in pooled cash and cash equivalents	\$4,409,855	\$780,485	\$268,841	\$1,090,622	\$56,873	\$82,302	\$62,844		\$6,751,822	
Equity in pooled cash and cash equivalents - nonexpendable trust fund							65,868		65,868	
Cash with fiscal agent	22,426								100,280	
Investments	800,752					77,854			800,752	
Receivables (net of allowances of uncollectibles):										
Property taxes - current & delinquent	13,214,556		604,405						13,818,961	
Accounts	25,920	947			37				26,904	
Accrued interest	141,276			156					141,432	
Interfund loan receivable	500,000								500,000	
Due from other governments	10,678				3,344				14,022	
Due from other funds	300,000								300,000	
Prepayments	35,426	175							35,601	
Materials and supplies inventory	40,010				10,561				50,571	
Restricted assets:										
Equity in pooled cash and cash equivalents	146,093								146,093	
Property, plant and equipment (net of accumulated depreciation where applicable)					17,619		\$17,518,163		17,535,782	
OTHER DEBITS:										
Amount available in Debt Service Fund								\$333,989	333,989	
Amount to be provided for retirement of General Long-Term Obligations								5,745,259	5,745,259	
Total assets and other debits	\$19,646,992	\$781,607	\$873,246	\$1,090,778	\$88,434	\$160,156	\$128,712	\$6,079,248	\$46,367,336	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
LIABILITIES, EQUITY AND OTHER CREDITS											
LIABILITIES:											
Accounts payable	\$47,640	\$2,643		\$47,623		\$45	\$2,892				\$100,843
Accrued wages and benefits	1,121,868	81			\$8,583						1,130,532
Compensated absences payable	105,930				12,976				\$952,467		1,071,373
Contracts payable	57,266										57,266
Pension obligation payable	136,475				670						137,145
Interfund loan payable		500,000									500,000
Deferred revenue	12,452,789		\$539,257	156	4,870	1,728	945				12,999,745
Due to other governments	94,567						8,357				102,924
Due to students							49,165				49,165
Due to other funds		300,000									300,000
Claims payable						86,864					86,864
Incurred but not reported claims						18,727					18,727
General obligation bonds payable								3,985,000			3,985,000
Energy conservation bonds payable								1,046,187			1,046,187
Obligation under capital lease								95,594			95,594
Total liabilities	14,016,535	802,724	539,257	47,779	27,099	107,364	61,359		6,079,248		21,681,365
EQUITY AND OTHER CREDITS:											
Investment in general fixed assets								\$17,518,163			17,518,163
Retained earnings: unreserved					61,335	52,792					114,127
Fund balances:											
Reserved for encumbrances	450,983	720,550		329,086			804				1,501,423
Reserved for supplies inventory	40,010										40,010
Reserved for prepayments	35,426	175									35,601
Reserved for debt service			310,973								310,973
Reserved for tax revenue unavailable for appropriation	519,815		23,016								542,831
Reserved for principal endowment							42,673				42,673
Reserved for budget stabilization	146,093										146,093
Reserved for scholarships							22,786				22,786
Unreserved-undesignated	4,438,130	(741,842)		713,913			1,090				4,411,291
Total equity and other credits	5,630,457	(21,117)	333,989	1,042,999	61,335	52,792	67,353	17,518,163			24,685,971
Total liabilities, equity and other credits	\$19,646,992	\$781,607	\$873,246	\$1,090,778	\$88,434	\$160,156	\$128,712	\$17,518,163	\$6,079,248		\$46,367,336

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$11,344,659		\$487,952			\$11,832,611
Tuition	3,650	\$305				3,955
Earnings on investments	279,751			\$65,957	\$101	345,809
Other local revenues	35,489	46,436			825	82,750
Revenue from intermediate sources	81,367	16,500				97,867
Intergovernmental - State	952,063	9,237	24,706	22,234		1,008,240
Intergovernmental - Federal		43,997				43,997
Total revenue	12,696,979	116,475	512,658	88,191	926	13,415,229
Expenditures:						
Current:						
Instruction:						
Regular	4,593,099	650		44,259		4,638,008
Special	355,993	36,833				392,826
Adult/continuing	109,406	297				109,703
Support services:						
Pupil	829,054	11,100		264,439		1,104,593
Instructional staff	499,811	5,561		5,826		511,198
Board of Education	45,722					45,722
Administration	776,680					776,680
Fiscal	488,215					488,215
Business	85,112					85,112
Operations and maintenance	1,301,003			5,017		1,306,020
Pupil transportation	546,238					546,238
Central	29,692	19,156				48,848
Community services	69,409				1,041	70,450
Extracurricular activities	427,571	101,654				529,225
Facilities services	228,671	101,228		314,279		644,178
Debt service:						
Principal retirement	35,546		306,642			342,188
Interest and fiscal charges	9,120		299,819			308,939
Total expenditures	10,430,342	276,479	606,461	633,820	1,041	11,948,143
Excess (deficiency) of revenues over (under) expenditures	2,266,637	(160,004)	(93,803)	(545,629)	(115)	1,467,086
Other financing sources (uses):						
Operating transfers in		102,000	181,786			283,786
Operating transfers out	(353,786)					(353,786)
Proceeds from sale of assets	1,199					1,199
Total other financing sources (uses)	(352,587)	102,000	181,786			(68,801)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	1,914,050	(58,004)	87,983	(545,629)	(115)	1,398,285
Fund balance, July 1	3,723,182	36,887	246,006	1,588,628	2,009	5,596,712
Decrease in reserve for inventory	(6,775)					(6,775)
Fund balance (Deficit), June 30	\$5,630,457	(\$21,117)	\$333,989	\$1,042,999	\$1,894	\$6,988,222

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Fund			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes	\$11,056,380	\$11,056,380	\$0	\$305	\$305	\$0	\$448,475	\$448,476	\$1	\$11,504,855	\$11,504,856	\$1	\$11,504,855	\$11,504,856	\$1
Tuition	2,885	2,885	0							3,190	3,190	0	3,190	3,190	0
Earnings on investments	267,288	267,288	0							355,673	355,673	(\$1)	355,673	355,673	(\$1)
Other local revenues	30,336	30,336	0	44,131	44,131	0				74,467	74,467	0	74,467	74,467	0
Revenue from intermediate sources	68,498	68,498	0	16,500	16,500	0				84,998	84,998	0	84,998	84,998	0
Intergovernmental - State	1,030,522	1,030,522	0	9,237	9,237	0	24,706	24,706	0	1,086,699	1,086,699	0	1,086,699	1,086,699	0
Intergovernmental - Federal			0	43,997	43,997	0						0	43,997	43,997	0
Total revenues	12,455,909	12,455,909	0	114,170	114,170	0	473,181	473,182	1	13,153,880	13,153,880	0	13,153,880	13,153,880	0
Expenditures:															
Current:															
Instruction:															
Regular	4,811,838	4,465,763	346,075	6,801	652	6,149				4,883,340	4,516,643	366,697	4,883,340	4,516,643	366,697
Special	380,147	356,880	23,267	36,913	36,698	215				417,060	393,578	23,482	417,060	393,578	23,482
Adult/continuing	231,272	153,532	77,740	25	312	(287)				231,297	153,844	77,453	231,297	153,844	77,453
Support services:															
Pupil	870,976	813,328	57,598	29,971	8,926	21,045				995,980	289,922	706,888	1,896,877	1,111,346	785,531
Instructional staff	659,623	595,120	154,503	13,153	6,104	7,049				703,276	504,562	198,714	703,276	504,562	198,714
Board of Education	151,624	90,337	61,287							30,500	17,162	13,338	30,500	17,162	13,338
Administration	831,633	785,115	46,518	29,211						254,822	51,497	203,365	831,633	51,497	785,115
Fiscal	451,478	422,267	29,211							103,198	1,120	102,078	451,478	422,267	29,211
Business	135,756	94,443	41,313										135,756	94,443	41,313
Operations and maintenance	1,397,407	1,343,002	54,405							32,962	31,325	1,637	1,430,369	1,374,327	56,042
Pupil transportation	652,315	618,914	33,401							652,315	618,914	33,401	652,315	618,914	33,401
Central	39,409	30,685	8,724	20,819	19,160	1,659				60,238	49,845	10,393	60,238	49,845	10,393
Community services	93,183	71,074	22,109	132,744	119,146	13,598				93,183	71,074	22,109	93,183	71,074	22,109
Extracurricular activities	465,064	417,827	47,237	810,974	804,271	6,703				597,808	536,973	60,835	597,808	536,973	60,835
Facilities services	453,240	450,277	2,963							1,910,155	1,852,460	57,695	1,910,155	1,852,460	57,695
Debt service:															
Principal retirement										306,643	306,643	0	306,643	306,643	0
Interest and fiscal charges										993,357	299,818	93,539	993,357	299,818	93,539
Total expenditures	11,624,915	10,358,564	1,266,351	1,051,400	995,269	56,131	700,000	606,461	93,539	1,873,282	983,015	890,267	15,249,597	13,143,309	2,106,288
Excess (deficiency) of revenues over (under) expenditures	830,994	1,897,345	1,066,351	(937,230)	(881,099)	56,131	(226,819)	(133,279)	93,540	(1,762,662)	(872,396)	890,266	(2,095,717)	10,571	2,106,288
Other financing sources (uses):															
Refund of prior year's expenditures	26,564	26,564	0	708	708	0				27,272	27,272	0	27,272	27,272	0
Refund of prior year's receipts	(3,000)	(3,000)	3,000	(148)	(148)	0				(3,148)	(3,148)	3,000	(3,148)	(3,148)	3,000
Operating transfers in	95,031	95,031	0	104,577	104,577	0	181,786	181,786	0	381,384	381,384	0	381,384	381,384	0
Operating transfers (out)	(450,874)	(450,874)	0	(1,093)	(1,093)	0				(451,967)	(451,967)	0	(451,967)	(451,967)	0
Advances in	(800,000)	(800,000)	0	800,000	800,000	0				800,000	800,000	0	800,000	800,000	0
Advances (out)	1,199	1,199	0							(800,000)	(800,000)	0	(800,000)	(800,000)	0
Proceeds of sale of fixed assets			0							1,199	1,199	0	1,199	1,199	0
Total other financing sources (uses)	(1,131,090)	(1,128,090)	3,000	904,044	904,044	0	181,786	181,786	0	(45,260)	(45,260)	3,000	(45,260)	(45,260)	3,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(300,096)	769,255	1,069,351	(33,186)	22,945	56,131	(45,033)	48,507	93,540	(1,762,662)	(872,396)	890,266	(2,140,977)	(31,689)	2,109,288
Paid balance, July 1	3,729,732	3,729,732	0	32,154	32,154	0	220,334	220,334	0	1,308,918	1,308,918	0	5,291,138	5,291,138	0
Prior year encumbrances appropriated	346,382	346,382	0	4,023	4,023	0				277,391	277,391	0	627,796	627,796	0
Fund balance, June 30	\$3,776,018	\$4,845,369	\$1,069,351	\$2,991	\$59,122	\$56,131	\$175,301	\$268,841	\$93,540	(\$176,553)	\$713,913	\$890,266	\$3,777,957	\$5,887,245	\$2,109,288

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees.	\$70	\$5,066		\$5,136
Sales/charges for services.	157,533	303,412		460,945
Investment earnings.			\$2,978	2,978
Other operating revenues.	18		9,494	9,512
Total operating revenues.	157,621	308,478	12,472	478,571
Operating expenses:				
Personal services	150,714			150,714
Contract services	3,898	45,194		49,092
Materials and supplies.	95,715		13	95,728
Depreciation.	1,774			1,774
Other operating expenses.		11,241	1,421	12,662
Claims expense		267,580		267,580
Total operating expenses.	252,101	324,015	1,434	577,550
Operating income (loss)	(94,480)	(15,537)	11,038	(98,979)
Nonoperating revenues:				
Operating grants.	22,043			22,043
Federal commodities	9,417			9,417
Interest revenue	738			738
Total nonoperating revenues.	32,198			32,198
Net income (loss) before operating transfers . .	(62,282)	(15,537)	11,038	(66,781)
Operating transfers in	70,000			70,000
Net income (loss)	7,718	(15,537)	11,038	3,219
Retained earnings/fund balance July 1.	53,617	68,329	54,421	176,367
Retained earnings/fund balance June 30.	<u>\$61,335</u>	<u>\$52,792</u>	<u>\$65,459</u>	<u>\$179,586</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from tuition and fees	\$70	\$5,066		\$5,136
Cash received from sales/charges for services	157,741	301,391		459,132
Cash received from other operations			\$9,494	9,494
Cash payments for personal service	(150,060)			(150,060)
Cash payments for contract services	(3,898)	(45,149)		(49,047)
Cash payments supplies and materials	(84,632)		(13)	(84,645)
Cash payments for claims expenses		(256,936)		(256,936)
Cash payments for other operating expenses		(11,241)	(2,553)	(13,794)
Net cash provided by (used in) operating activities	(80,779)	(6,869)	6,928	(80,720)
Cash flows from noncapital financing activities:				
Cash received from operating grants	18,699			18,699
Cash received from operating transfers	70,000			70,000
Net cash provided by noncapital financing activities	88,699			88,699
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(3,750)			(3,750)
Net cash used in capital and related financing activities	(3,750)			(3,750)
Cash flows from investing activities:				
Interest received	738		2,978	3,716
Net cash provided by investing activities	738		2,978	3,716
Net increase (decrease) in cash and cash equivalents	4,908	(6,869)	9,906	7,945
Cash and cash equivalents at beginning of year	51,965	89,171	55,962	197,098
Cash and cash equivalents at end of year	<u>\$56,873</u>	<u>\$82,302</u>	<u>\$65,868</u>	<u>\$205,043</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(\$94,480)	(\$15,537)	\$11,038	(\$98,979)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,774			1,774
Federal donated commodities	9,417			9,417
Interest reported as operating income			(2,978)	(2,978)
Changes in assets and liabilities:				
Decrease in supplies inventory	4,169			4,169
Decrease in accounts receivable	190			190
Decrease in due to students			(1,132)	(1,132)
Increase in accounts payable		45		45
Increase in accrued wages & benefits	1,182			1,182
Decrease in compensated absences payable	(636)			(636)
Increase in pension obligation payable	108			108
Increase in claims payable		10,644		10,644
Decrease in deferred revenue	(2,503)	(2,021)		(4,524)
Net cash provided by (used in) operating activities	(\$80,779)	(\$6,869)	\$6,928	(\$80,720)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Cuyahoga Heights Local School District (the "District") is located in Cuyahoga County and is located in the Village of Cuyahoga Heights. The District also serves the Villages of Brooklyn Heights and Valley View. The District serves an area of approximately 11.3 square miles.

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

The District ranks as the 540th largest by enrollment among the 612 districts in the State. It currently operates 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 65 non-certified, 69 certified (including administrative) full-time and part-time employees to provide services to approximately 840 students in pre-school (age 4) through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cuyahoga Heights Local 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 District's significant accounting policies are described below.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations described due to their relationship to the District.

Jointly Governed Organizations:

Ohio Schools' Council

The District is a member of the Ohio Schools' Council, a cooperative established and governed by metropolitan Cleveland school districts. No member retains an equity interest in the council. Financial information for the Ohio Schools' Council can be obtained from their administrative offices located at 6376 Mill Road, Broadview Heights, Ohio 44147-2299.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District participates in the Council's electricity 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.

Cuyahoga Valley Joint Vocational School District

The Cuyahoga Valley Joint Vocational School District (the "JVS") is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the JVS is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The District's students may attend the JVS on a tuition-free basis. Each school district's control is limited to its representation on the board. Financial information can be obtained by contacting the Cuyahoga Valley Joint Vocational School District, 8001 Brecksville Road, Brecksville, OH 44141.

Joint Venture Without Equity Interest:

Lakeshore Northeast Ohio Computer Association

The District is a member of the Lakeshore Northeast Ohio Computer Association, one of over two-dozen such consortiums in the State. This consortium was organized as a council-of-governments entity in accordance with Ohio statute. Financial information for the Lakeshore Northeast Ohio Computer Association can be obtained by contacting the treasurer of the Lakewood City School District, who serves as fiscal agent, at 1470 Warren Road, Lakewood, Ohio 44107.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

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

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental funds. Nonexpendable Trust funds are accounted for in essentially the same manner as Proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds and Nonexpendable Trust Funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds and Nonexpendable Trust Funds.

C. Measurement Focus/Basis of Accounting

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

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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District is party to an abatement agreement between the Village of Cuyahoga Heights and the Village of Valley View. Although the District was owed the money at the end of the year, it was not measurable or available. Amounts received subsequent to the balance sheet date and beyond the available period were recorded as deferred revenue.

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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

The Proprietary and Nonexpendable Trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. 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 revenues.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows.

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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 1999 in the following amounts:

	<u>Increase</u>
General Fund	\$ 877,088
Special Revenue Funds	973,618
Debt Service Fund	212,970
Capital Projects Funds	328,891
Expendable Trust	404
Enterprise Funds	71,772
Internal Service Funds	96,000
Agency Funds	<u>24,000</u>
Total	<u>\$2,584,743</u>

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are disclosed in Note 12 to the financial statements.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal 1999, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), repurchase agreement, certificates of deposit, bankers acceptance and Federal Agency securities. All investments of the District had a maturity date of two years or less from the date of purchase.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Calculation of the Net Increase in the Fair Value of Investments - Aggregate Method

	General Fund
Fair value at June 30, 1999	\$ 800,752
Add: Proceeds of investments sold and matured fiscal 1999	1,520,000
Less: Purchase of investments in fiscal 1999	(520,000)
Less: Fair value at June 30, 1998	<u>(1,800,375)</u>
Change in fair value of investments	<u>\$ 377</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

By policy of the Board of Education, investment earnings are assigned to the General fund, Permanent Improvement fund, Building fund, Food Service fund, Nonexpendable Trust fund, and Expendable Trust fund. The following funds were credited more interest than would have been received based upon their share of the District's investments during fiscal 1999:

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Investments</u>	<u>Interest Assigned From Other Funds</u>
General Fund	\$279,751	\$236,746	\$43,005
<u>Capital Projects Funds</u>			
Permanent Improvement	55,241	54,819	422

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. Inventory

Inventories for all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepaids

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayments are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. 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. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Intergovernmental Revenues

In Governmental funds, intergovernmental revenues such as entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations (excluding commodities) are recognized as non-operating revenues in the accounting period in which they are measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund
State Foundation Program
State Property Tax Relief

Debt Service Fund
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds
Teacher Development
Management Information Systems
Education for Economic Security
Title I
Title VI
Drug-Free Schools

Capital Projects Funds
School Net

Reimbursable Grants

General Fund
School Bus Purchases
Driver Education
Vocational Education Travel/Salary

Proprietary
National School Lunch Program
National School Milk Program
Adult Education

Grants and entitlements amounted to approximately 8% of the District's operating revenue during the 1999 fiscal year.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for this future severance eligibility, all employees at least fifty years of age, with at least ten years of service, or twenty years of service at any age were included.

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

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. 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, contractually required pension contributions, early retirement incentives and special termination benefits 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 sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported 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. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepaid assets, debt service, budget stabilization, and tax revenue unavailable for appropriation. In addition, although the Nonexpendable Trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of the principal endowment, and for available cash from which student scholarship awards will be made. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Statutory Reserves

The District is required by State law to set aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1998	\$ 0	\$ 0	\$ 52,892
Current year set-aside requirement	186,401	186,401	93,201
Current year offsets	0	0	0
Qualifying disbursements	<u>(480,847)</u>	<u>(575,175)</u>	<u>0</u>
Total	<u>(294,446)</u>	<u>(388,774)</u>	<u>146,093</u>
Cash balance carried forward to FY 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$146,093</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	<u>\$146,093</u>
Total restricted assets	<u>\$146,093</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 1999 is presented in Note 5.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Statement of Cash Flows

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds in Governmental Entities That Use Proprietary Fund Accounting. The District has presented (Exhibit 5) a statement of cash flows for its Proprietary and Nonexpendable Trust funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

P. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization and other reserves. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. Fund balance reserves have also been established. See Note 2. M. for statutory reserves.

R. Estimates

The preparation of financial statements in conformity with GAAP 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.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Fund balances at June 30, 1999 included the following individual fund deficit:

<u>Special Revenue Funds</u>	<u>Deficit Balance</u>
District Managed Student Activity	\$(61,273)

This GAAP deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the 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 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 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.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys 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;
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;

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase 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 instruments 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 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 District had \$920 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

Cash with Fiscal Agent: At year end, \$100,280 was on deposit with the District's fiscal agent for insurance claims and natural gas purchases and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

Deposits: At year-end the carrying amount of the District's deposits was \$3,559,119 and the bank balance was \$3,812,305 (both amounts are exclusive of payroll clearance accounts). Of the bank balance:

1. \$192,025 was covered by federal depository insurance.
2. \$3,620,280 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the 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 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 District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category of Risk <u>3</u>	Fair Value
Bankers Acceptances	\$ 883,033	\$ 883,033
Repurchase Agreement	755,000	755,000
Federal Agency Securities	800,752	800,752
Not Subject to Categorization		
Investment in State		
Treasurer's Investment Pool	<u> </u>	<u>1,865,991</u>
Total Investments	<u>\$2,438,785</u>	<u>\$4,304,776</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash and cash equivalents and investments per GASB Statement No. 9 on the combined balance sheet, and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 6,963,783	\$ 800,752
Investments of the Cash Management Pool:		
Bankers Acceptance	(883,033)	883,033
Repurchase Agreement	(755,000)	755,000
State Treasurer's Investment Pool	(1,865,991)	1,865,991
Cash on Hand	(920)	
Cash with Fiscal Agent	<u>100,280</u>	<u> </u>
GASB Statement No. 3	<u>\$ 3,559,119</u>	<u>\$4,304,776</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
<u>General Fund</u>	\$500,000	
<u>Special Revenue Funds</u>		
District Managed Student Activity	_____	\$(500,000)
Total Interfund Loans	<u>\$500,000</u>	<u>\$(500,000)</u>

B. The following is a reconciliation of the District's operating transfers for fiscal year 1999:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(353,786)
<u>Special Revenue Funds</u>		
Other Grants	\$ 5,000	
District Managed Student Activity	85,000	
Management Information Systems	12,000	
Debt Service Fund	181,786	
<u>Enterprise Funds</u>		
Food Service	<u>70,000</u>	_____
Totals	<u>\$353,786</u>	<u>\$(353,786)</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

C. During fiscal 1999, the General fund transferred \$300,000 to the District Managed Student Activity fund to cover a temporary shortfall as a result of construction on the outdoor track. The District Managed Student Activity fund will repay the General fund \$50,000 per year beginning in fiscal 2004.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund		\$ (300,000)
<u>Special Revenue Fund</u>		
District Managed Student Activity	<u>\$300,000</u>	_____
	<u>\$300,000</u>	<u>\$(300,000)</u>

NOTE 6 - PROPERTY TAXES

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

During fiscal 1999, the District received a payment of \$600,000 of delinquent tangible personal property taxes from American Steel & Wire.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 1999 taxes were collected were as follows:

	1998 Second-Half Collections		1999 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$226,379,010	46.90	\$229,178,180	46.10
Public Utility Personal	48,201,880	10.00	49,539,070	10.00
Tangible Personal Property	<u>208,115,925</u>	<u>43.10</u>	<u>217,943,263</u>	<u>43.90</u>
	<u>\$482,696,815</u>	<u>100.00</u>	<u>\$496,660,513</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation		 \$18.8		 \$19.8

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Cuyahoga County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 1999 totaled \$519,815 in the General fund and \$23,016 in the Debt Service fund.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent and student fees), and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current	\$11,176,527
Taxes - Delinquent	2,038,029
Interfund loans	500,000
Accrued interest	141,276
 <u>Debt Service Fund</u>	
Taxes - Current	514,166
Taxes - Delinquent	90,239
 <u>Enterprise Funds</u>	
Due from other governments	3,344

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1999</u>
Land/				
Improvements	\$ 1,187,713	\$ 6,162		\$ 1,193,875
Buildings	12,251,430	449,496		12,700,926
Furniture/				
Equipment	2,235,075	270,308	\$ (84,683)	2,420,700
Vehicles	708,570	109,708	(66,070)	752,208
Construction in progress	<u> </u>	<u>899,950</u>	<u>(449,496)</u>	<u>450,454</u>
Total	<u>\$16,382,788</u>	<u>\$1,735,624</u>	<u>\$(600,249)</u>	<u>\$17,518,163</u>

A summary of the Proprietary Fund fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$95,086
Less Accumulated Depreciation	<u>(77,467)</u>
Net Fixed Assets	<u>\$17,619</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$143,605, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 1999 fiscal year totaled \$35,546. This amount is reflected as debt service principal retirement in the General Fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 1999.

General Long-Term Obligations

<u>June 30</u> <u>Year Ending</u>	<u>Copiers</u>
2000	\$44,665
2001	35,229
2002	25,790
2003	<u>387</u>
Total future minimum lease payments	<u>106,071</u>
Less: Amount Representing Interest	<u>(10,477)</u>
Present Value of Future Minimum Lease Payments	<u>\$95,594</u>

The District does not have capitalized lease obligations after fiscal year 2003.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 10 - LONG-TERM DEBT

All current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service fund. The source of payment is derived from a current 1.00 mill bonded debt tax levy.

A. The following is a description of the Cuyahoga Heights Local School District bonds outstanding as of June 30, 1999:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 7/01/98</u>	<u>Retired in Fiscal 1999</u>	<u>Bonds Outstanding 06/30/1999</u>
Construction Bond	5.63%	03/01/93	12/01/13	\$4,170,000	\$(185,000)	\$3,985,000
Energy Conservation	5.15%	04/18/96	12/01/05	<u>1,167,829</u>	<u>(121,642)</u>	<u>1,046,187</u>
Total				<u>\$5,337,829</u>	<u>\$(306,642)</u>	<u>\$5,031,187</u>

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

<u>Year Ending June 30</u>	<u>Principal on General Obligation Improvement Bonds</u>	<u>Principal On Energy Conservation Bonds</u>	<u>Interest On General Obligation Improvement Bonds</u>	<u>Interest On Energy Conservation Bonds</u>	<u>Total</u>
2000	\$ 195,000	\$ 127,907	\$ 224,816	\$ 53,879	\$ 601,602
2001	205,000	134,494	204,525	47,291	591,310
2002	215,000	141,421	190,248	40,365	587,034
2003	225,000	148,704	179,795	33,082	586,581
2004	240,000	156,362	168,395	25,423	590,180
2005 - 2009	1,425,000	337,299	629,903	26,274	2,418,476
2010 - 2013	<u>1,480,000</u>		<u>175,275</u>		<u>1,655,275</u>
Total	<u>\$3,985,000</u>	<u>\$1,046,187</u>	<u>\$1,772,957</u>	<u>\$226,314</u>	<u>\$7,030,458</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 10 - LONG-TERM DEBT - (Continued)

C. During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will ultimately be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>July 1, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 1999</u>
Compensated Absences	\$ 909,415	\$158,095	\$(115,043)	\$ 952,467
General Obligation Debt	5,337,829		(306,642)	5,031,187
Capital Leases	<u>131,140</u>		<u>(35,546)</u>	<u>95,594</u>
Total	<u>\$6,378,384</u>	<u>\$158,095</u>	<u>\$(457,231)</u>	<u>\$6,079,248</u>

D. Legal Debt Margin

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

The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$41,048,435 (including available funds of \$333,989) and an unvoted debt margin of \$496,661.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 11 - RISK MANAGEMENT

The District has established a Self Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss for dental, vision and prescription drug card plans offered to employees. Under this program, the Self Insurance Fund provides coverage for up to annual maximum of \$35,000 for each health benefits claim, capped at \$967,225 annually for all claims. The plan is offered to school districts which are members of the Ohio Schools' Council, and administered by Benefit Services, Inc. Through OSC, the District purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the District participate in the program and make payments to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed cost (premiums for stop-loss coverage and medical conversion and administrative fees and services). The District's independent third-party administrator has actuarially determined that \$105,591 is a good and sufficient provision for all unmatured claim obligations (including both reported but unpaid claims and incurred but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 1999.

The Board of Trustees of OSC, with assistance of actuarial analysis, establishes premium rates for medical, dental, and prescription drug insurance, based upon the specific plan negotiated by each member district and its employees. Premiums are placed in a Trust Fund controlled by the Board of Trustees and invested prudently to produce income which additionally benefits the consortium. The "reserves" in the Trust Fund include monies necessary to pay the "claims run-out", should the consortium ever be dissolved. For the 1998-99 plan year, the District's reserves amounted to \$77,854, which is included in the claims payable total. Because the consortium is organized under Internal Revenue Service Code Section 501(c)(9), investment income is tax exempt.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 11 - RISK MANAGEMENT - (Continued)

The claims liability of \$105,591 reported in the Fund at June 30, 1999 is based on the provisions of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability are as follows:

	<u>Balance at Beginning Of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1995	\$180,000	\$780,274	\$747,130	\$213,144
1996	213,144	369,238	456,437	125,945
1997	125,945	238,450	171,812	192,583
1998	192,583	137,949	192,697	137,835
1999	137,835	224,692	256,936	105,591

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible (Per Occurrence)</u>	<u>Coverage Limitations</u>
Ohio Casualty Insurance Co.	Blanket Bond	\$ 100	\$ 5,000 per employee
Crum & Forster	Commercial Property	\$ 1,000	\$ 28,328,573
Travelers Insurance Co.	Boiler & Machinery	\$ 1,000	Varies
Crum & Forster	Inland Marine	\$ 250	Varies
Nationwide Insurance Co.	Fleet	\$ 250	\$ 2,000,000
Nationwide Insurance Co.	General & Public Officials Liability	\$ 0	\$ 2,000,000 per claim \$ 5,000,000 annual aggregate
Crum & Forster	Crime	\$ 250	\$ 5,000
Ohio Casualty Insurance Co.	Treasurer's Bond	\$ 0	\$ 50,000
Ohio Casualty Insurance Co.	Public Employee Dishonesty Bond	\$ 1,000	\$250,000

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 11 - RISK MANAGEMENT - (Continued)

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

OSBA WORKER'S COMPENSATION GROUP RATING

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the 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 performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" 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 firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three Enterprise funds to account for the operations of food service, uniform supply sales and adult education. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 1999:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenue	\$154,891	\$2,660	\$70	\$157,621
Depreciation Expense	1,774			1,774
Operating Income (Loss)	(94,173)	(377)	70	(94,480)
Non-operating Revenue:				
Operating grants	22,043			22,043
Donated commodities	9,417			9,417
Operating Transfers In	70,000			70,000
Net Income (Loss)	8,025	(377)	70	7,718
Net Working Capital	50,730	4,262	1,700	56,692
Fixed Assets:				
Additions	3,750			3,750
Total Assets	82,472	4,262	1,700	88,434
Long-Term Liabilities				
Payable From Fund Revenues	12,976			12,976
Total Fund Equity	55,373	4,262	1,700	61,335
Encumbrances outstanding as of 6/30/99	5,260			5,260

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 1999; 7.70 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$232,786, \$211,988, and \$197,087, respectively; 100 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$628,036, \$530,634, and \$527,505, respectively; 81 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 1999, members of the Board of Education have elected the School Employees Retirement System.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the STRS, and to retired non-certified employees and their dependents through the 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 funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal 1998. For the District, this amount equaled \$357,209 during the 1999 fiscal year.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.156 billion at June 30, 1998 (the latest information available). As of July 1, 1998, eligible benefit recipients totaled 91,999. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal 1998. 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 1999, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, equaled \$130,854 during the 1999 fiscal year. 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 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

**Excess (Deficiency) of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
Budget Basis	\$ 769,255	\$ 22,945	\$48,507	\$(872,396)
Net Adjustment for Revenue Accruals	241,070	2,305	39,476	(22,428)
Net Adjustment for Expenditure Accruals	(382,732)	(2,573)		(27,514)
Net Adjustment for Other Financing Sources/(Uses)	775,503	(802,044)		
Adjustment for Encumbrances	<u>510,954</u>	<u>721,363</u>	<u> </u>	<u>376,709</u>
GAAP Basis	<u>\$1,914,050</u>	<u>\$ (58,004)</u>	<u>\$87,983</u>	<u>\$(545,629)</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

B. Litigation

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

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$429,658.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 16 - CONTINGENCIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of December 31, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these general purpose financial statements, the 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 17 - YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits and the State of Ohio Equipment Inventory System for its fixed assets accounting. The State is responsible for remediating these systems. The District has been assured by the State of Ohio that all software programs currently used by the District will be Year 2000 compliant by March 31, 1999.

The District has also assessed its power and telecommunications systems. These systems were tested and subsequently remediated, and the District believes that these systems are now Year 2000 compliant.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 17 - YEAR 2000 ISSUE - (Continued)

Cuyahoga County collects property taxes for distribution to the District. Cuyahoga County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

NOTE 18 - SIGNIFICANT SUBSEQUENT EVENTS

Board members Ronald Krzynowek and Ken Perk were each re-elected in the November, 1999 general election, and each will begin serving a new 4-year term at the January, 2000 organizational meeting of the Board of Education.

NOTE 19 - LEASE AGREEMENT

During fiscal 1999, the Board of Education entered into a lease agreement with Eller Media. Eller Media is leasing land from the District for outdoor advertising. The total revenue to be received by the District is \$1.62 million dollars over fifteen years. The first payment of \$500,000 was received in July 1999. The District will receive \$50,000 per year in years 6 through 13 of the lease. \$220,000 is due in year 14 and \$500,000 in year 15.

NOTE 20 - OUTSTANDING CONTRACTUAL COMMITMENTS

At June 30, 1999, the District had the following outstanding contractual commitment:

- \$26,880 for a hydrotherapy spa to be paid from the General fund.

COMBINING, INDIVIDUAL FUND AND
ACCOUNT GROUP
STATEMENTS AND SCHEDULES

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GENERAL FUND

Section 5705.09 Revised Code

The General Fund is used to account for resources traditionally associated with a school district which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities and pupil transportation.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	\$11,056,380	\$11,056,380	\$0
Tuition	2,885	2,885	0
Earnings on investments	267,288	267,288	0
Other local revenues	30,336	30,336	0
Revenue from intermediate sources	68,498	68,498	0
Intergovernmental-State	1,030,522	1,030,522	0
Total Revenues	12,455,909	12,455,909	0
Expenditures:			
Current:			
Instruction-regular			
Salaries and wages	3,344,854	3,289,415	55,439
Fringe benefits	1,108,484	868,757	239,727
Purchased services	24,665	18,166	6,499
Supplies	289,246	250,609	38,637
Capital outlay	42,639	37,452	5,187
Other	1,950	1,364	586
Total instruction-regular	4,811,838	4,465,763	346,075
Instruction-special			
Purchased services	373,585	352,279	21,306
Supplies	6,287	4,601	1,686
Capital outlay	225		225
Other	50		50
Total instruction-special	380,147	356,880	23,267
Adult/continuing instruction			
Purchased services	231,272	153,532	77,740
Total adult/continuing instruction	231,272	153,532	77,740
Support services-pupil			
Salaries and wages	456,654	441,904	14,750
Fringe benefits	136,376	130,921	5,455
Purchased services	127,812	126,399	1,413
Supplies	121,037	88,270	32,767
Capital outlay	28,847	25,834	3,013
Other	200		200
Total support services-pupil	870,926	813,328	57,598
Support services-instructional staff			
Salaries and wages	332,669	297,589	35,080
Fringe benefits	157,408	96,914	60,494
Purchased services	121,207	73,206	48,001
Supplies	22,059	17,397	4,662
Capital outlay	23,931	19,760	4,171
Other	2,349	254	2,095
Total support services-instructional staff	659,623	505,120	154,503

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Support services-Board of Education			
Salaries and wages	\$12,400	\$12,400	\$0
Fringe benefits	2,879	2,031	848
Purchased services	28,863	26,039	2,824
Supplies	3,360	2,617	743
Other	104,122	7,250	96,872
Total support services-Board of Education	<u>151,624</u>	<u>50,337</u>	<u>101,287</u>
Support services-administration			
Salaries and wages	495,897	468,775	27,122
Fringe benefits	195,105	170,379	24,726
Purchased services	105,423	95,134	10,289
Supplies	13,184	11,956	1,228
Capital outlay	5,803	5,329	474
Other	16,221	13,542	2,679
Total support services-administration	<u>831,633</u>	<u>765,115</u>	<u>66,518</u>
Support services-fiscal			
Salaries and wages	155,513	149,067	6,446
Fringe benefits	71,106	61,783	9,323
Purchased services	29,933	21,563	8,370
Supplies	8,238	8,231	7
Capital outlay	23,794	18,866	4,928
Other	162,894	162,757	137
Total support services-fiscal	<u>451,478</u>	<u>422,267</u>	<u>29,211</u>
Support services-business			
Purchased services	106,692	70,102	36,590
Supplies	22,539	17,816	4,723
Other	6,525	6,525	0
Total support services-business	<u>135,756</u>	<u>94,443</u>	<u>41,313</u>
Support services-operations and maintenance			
Salaries and wages	556,202	541,327	14,875
Fringe benefits	226,826	195,406	31,420
Purchased services	450,200	450,041	159
Supplies	105,182	99,904	5,278
Capital outlay	58,997	56,324	2,673
Total support services- operations and maintenance	<u>1,397,407</u>	<u>1,343,002</u>	<u>54,405</u>
Support services-pupil transportation			
Salaries and wages	307,471	281,935	25,536
Fringe benefits	99,251	98,910	341
Purchased services	50,404	50,402	2
Supplies	36,481	33,901	2,580
Capital outlay	158,708	153,766	4,942
Total support services-pupil transportation	<u>652,315</u>	<u>618,914</u>	<u>33,401</u>

continued

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Support services-central:			
Salaries and wages	\$5,000	\$3,000	\$2,000
Fringe benefits	2,003	486	1,517
Purchased services	28,455	23,402	5,053
Supplies	3,951	3,797	154
Total support services-central	<u>39,409</u>	<u>30,685</u>	<u>8,724</u>
Community services:			
Salaries and wages	49,125	48,896	229
Fringe benefits	23,920	9,960	13,960
Purchased services	11,910	9,616	2,294
Supplies	3,388	2,602	786
Capital outlay	4,840		4,840
Total community services	<u>93,183</u>	<u>71,074</u>	<u>22,109</u>
Extracurricular activities:			
Salaries and wages	378,573	347,975	30,598
Fringe benefits	68,506	53,470	15,036
Purchased services	9,520	8,405	1,115
Supplies	388	10	378
Capital outlay	342	342	0
Other	7,735	7,625	110
Total extracurricular activities	<u>465,064</u>	<u>417,827</u>	<u>47,237</u>
Facilities services:			
Purchased services	2,250		2,250
Capital outlay	450,990	450,277	713
Total facilities services	<u>453,240</u>	<u>450,277</u>	<u>2,963</u>
Total expenditures	<u>11,624,915</u>	<u>10,558,564</u>	<u>1,066,351</u>
Excess of revenues over expenditures	<u>830,994</u>	<u>1,897,345</u>	<u>1,066,351</u>
Other financing sources (uses):			
Refund of prior year's expenditures	26,564	26,564	0
Refund of prior year's receipts	(3,000)		3,000
Operating transfers in	95,021	95,021	0
Operating transfers out	(450,874)	(450,874)	0
Advances out	(800,000)	(800,000)	0
Proceeds of sale of fixed assets	1,199	1,199	0
Total other financing sources (uses)	<u>(1,131,090)</u>	<u>(1,128,090)</u>	<u>3,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(300,096)</u>	<u>769,255</u>	<u>1,069,351</u>
Fund balance, July 1	<u>3,729,732</u>	<u>3,729,732</u>	<u>0</u>
Prior year encumbrances appropriated	<u>346,382</u>	<u>346,382</u>	<u>0</u>
Fund balance, June 30	<u>\$3,776,018</u>	<u>\$4,845,369</u>	<u>\$1,069,351</u>

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SPECIAL REVENUE FUNDS

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

Public School Support Fund

Section 5705.12, Revised Code

A fund provided to account for specific local revenue sources, other than taxes or expendable trusts (i.e. profits from vending machines, sales of pictures, etc.), that are restricted to expenditures for specified purposes approved by Board resolution. Such expenditures may include curricular and extra-curricular related purchases.

Other Grants Fund

Sections 5705.09 and 5705.13, Revised Code

A fund used to account for the proceeds of specific revenue sources (except for state and federal grants) that are legally restricted to expenditures for specified purposes.

District Managed Student Activity Fund

Section 3313.062

A fund provided to account for those student activity programs which have student participation in the activity but do not have student management of the programs. This fund would usually include athletic programs but could also include the band, cheerleaders, flag corps, and other similar types of activities.

Teacher Development Fund

Current Budget Bill
appropriation line item 200-527

A fund provided to account for receipts and expenditures necessary for providing assistance to local school districts for the development of in-service programs for professional staff.

Management Information Systems Fund

Am. Sub. HB 111

To account for funds associated with the state-wide requirements of the Education Management System (EMIS).

NDEA Title II Fund

Catalog of Federal Domestic Assistance
#84-164, or #13-483

To account for funds which are for strengthening instruction in science, mathematics, modern foreign languages, English, the arts and computer learning.

Title I Fund

PL 97-35; Title I ESEA 1965

To account for funds which are to: 1) establish or improve programs designed to meet the special educational need of migratory children of migratory agricultural workers or migratory fishermen and 2) enable State education agencies to coordinate their state migrant education programs and local projects with similar programs and projects in other states, including the transfer of school records of other information about children of migrant workers.

Title VI Fund

PL 97-35; ESEA 1965

To account for Federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and inservice and staff development.

Drug-Free School Grant Fund

Catalog of Federal Domestic Assistance #84-166

To provide funds to local educational agencies and consortia of these agencies to establish, operate and improve local programs of drug abuse prevention, early intervention, rehabilitation referral and education in elementary and secondary schools, and to engage in development, training, technical assistance and coordination activities.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINING BALANCE SHEET
FOR ALL SPECIAL REVENUE FUNDS
JUNE 30, 1999

	PUBLIC SCHOOL SUPPORT	OTHER GRANTS	DISTRICT MANAGED STUDENT ACTIVITY
Assets:			
Equity in pooled cash and cash equivalents	\$9,396	\$19,383	\$738,420
Receivables (net of allowances for uncollectibles):			
Accounts			947
Prepayments			175
Total Assets	\$9,396	\$19,383	\$739,542
Liabilities:			
Accounts payable	\$1,830		\$813
Accrued wages and benefits		\$8	2
Interfund loans payable			500,000
Due to other funds			300,000
Total Liabilities	1,830	8	800,815
Fund Equity:			
Fund Balances:			
Reserved for encumbrances	210		720,340
Reserved for prepayments			175
Unreserved-undesignated	7,356	19,375	(781,788)
Total Fund Equity	7,566	19,375	(61,273)
Total Liabilities and Fund Equity	\$9,396	\$19,383	\$739,542

<u>TEACHER DEVELOPMENT</u>	<u>MANAGEMENT INFORMATION SYSTEMS</u>	<u>NDEA TITLE II</u>	<u>TITLE I</u>	<u>TITLE VI</u>
\$9,044	\$1,696	\$2,200	\$0	\$215
<u>\$9,044</u>	<u>\$1,696</u>	<u>\$2,200</u>	<u>\$0</u>	<u>\$215</u>
\$1	\$38			\$11
<u>1</u>	<u>38</u>	<u>\$0</u>	<u>\$0</u>	<u>11</u>
9,043	1,658	2,200		204
<u>9,043</u>	<u>1,658</u>	<u>2,200</u>	<u>0</u>	<u>204</u>
<u>\$9,044</u>	<u>\$1,696</u>	<u>\$2,200</u>	<u>\$0</u>	<u>\$215</u>

continued

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINING BALANCE SHEET
FOR ALL SPECIAL REVENUE FUNDS
 JUNE 30, 1999

	DRUG-FREE SCHOOL GRANT	TOTAL
Assets:		
Equity in pooled cash and cash equivalents	\$131	\$780,485
Receivables (net of allowances for uncollectibles):		
Accounts		947
Prepayments		175
Total Assets	\$131	\$781,607
Liabilities:		
Accounts payable		\$2,643
Accrued wages and benefits	\$21	81
Interfund loans payable		500,000
Due to other funds		300,000
Total Liabilities	21	802,724
Fund Equity:		
Fund Balances:		
Reserved for encumbrances		720,550
Reserved for prepayments		175
Unreserved-undesignated	110	(741,842)
Total Fund Equity	110	(21,117)
Total Liabilities and Fund Equity	\$131	\$781,607

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	PUBLIC SCHOOL SUPPORT	OTHER GRANTS	DISTRICT MANAGED STUDENT ACTIVITY
Revenues:			
From local sources:			
Tuition		\$305	
Other local revenues	\$4,457		\$41,979
Revenue from intermediate sources		16,500	
Intergovernmental - State			
Intergovernmental - Federal			
Total Revenues	<u>4,457</u>	<u>16,805</u>	<u>41,979</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Special			
Adult/continuing		297	
Support services:			
Pupil	6,292	980	
Instructional staff		1,179	
Central			
Extracurricular activities			101,654
Facilities services			101,228
Total Expenditures	<u>6,292</u>	<u>2,456</u>	<u>202,882</u>
Excess (deficiency) of Revenues over (under) expenditures	<u>(1,835)</u>	<u>14,349</u>	<u>(160,903)</u>
Other financing sources:			
Operating transfers in		5,000	85,000
Total other financing sources	<u>0</u>	<u>5,000</u>	<u>85,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(1,835)</u>	<u>19,349</u>	<u>(75,903)</u>
Fund balance, July 1	9,401	26	14,630
Fund balance (deficit), June 30	<u>\$7,566</u>	<u>\$19,375</u>	<u>(\$61,273)</u>

<u>TEACHER DEVELOPMENT</u>	<u>MANAGEMENT INFORMATION SYSTEMS</u>	<u>NDEA TITLE II</u>	<u>TITLE I</u>	<u>TITLE VI</u>
\$4,237	\$5,000			
<u>4,237</u>	<u>5,000</u>	<u>\$2,564</u>	<u>\$34,588</u>	<u>\$2,885</u>
		<u>2,564</u>	<u>34,588</u>	<u>2,885</u>
286		364		
			34,089	2,744
2,227	19,156	1,656	499	
<u>2,513</u>	<u>19,156</u>	<u>2,020</u>	<u>34,588</u>	<u>2,744</u>
<u>1,724</u>	<u>(14,156)</u>	<u>544</u>	<u>0</u>	<u>141</u>
	12,000			
<u>0</u>	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,724	(2,156)	544		141
<u>7,319</u>	<u>3,814</u>	<u>1,656</u>	<u>0</u>	<u>63</u>
<u>\$9,043</u>	<u>\$1,658</u>	<u>\$2,200</u>	<u>\$0</u>	<u>\$204</u>

continued

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	DRUG-FREE SCHOOL GRANT	TOTAL
Revenues:		
From local sources:		
Tuition		\$305
Other local revenues		46,436
Revenue from intermediate sources		16,500
Intergovernmental - State		9,237
Intergovernmental - Federal	\$3,960	43,997
Total Revenues	3,960	116,475
Expenditures:		
Current:		
Instruction:		
Regular		650
Special		36,833
Adult/continuing		297
Support services:		
Pupil	3,828	11,100
Instructional staff		5,561
Central		19,156
Extracurricular activities		101,654
Facilities services		101,228
Total Expenditures	3,828	276,479
Excess (deficiency) of Revenues over (under) expenditures	132	(160,004)
Other financing sources:		
Operating transfers in		102,000
Total other financing sources	0	102,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures	132	(58,004)
Fund balance (deficit), July 1	(22)	36,887
Fund balance (deficit), June 30	\$110	(\$21,117)

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 PUBLIC SCHOOL SUPPORT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Other local revenues	\$4,457	\$4,457	\$0
Total revenues	<u>4,457</u>	<u>4,457</u>	<u>0</u>
Expenditures:			
Current:			
Support services-pupil			
Purchased services	4,765	1,749	3,016
Supplies	1,253	2,375	(1,122)
Total support services-pupil	<u>6,018</u>	<u>4,124</u>	<u>1,894</u>
Support services-instructional staff			
Fringe benefits	2,176	548	1,628
Total support services-instructional staff	<u>2,176</u>	<u>548</u>	<u>1,628</u>
Total expenditures	<u>8,194</u>	<u>4,672</u>	<u>3,522</u>
Deficiency of revenues under expenditures	<u>(3,737)</u>	<u>(215)</u>	<u>3,522</u>
Fund balance, July 1	9,207	9,207	0
Prior year encumbrances appropriated	194	194	0
Fund balance, June 30	<u>\$5,664</u>	<u>\$9,186</u>	<u>\$3,522</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 OTHER GRANTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Tuition	\$305	\$305	\$0
Revenue from intermediate sources	16,500	16,500	0
Total revenues	<u>16,805</u>	<u>16,805</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-adult/continuing			
Salaries and wages		250	(250)
Fringe benefits		39	(39)
Supplies	25	23	2
Total instruction-adult/continuing	<u>25</u>	<u>312</u>	<u>(287)</u>
Support services-pupil			
Purchased services	15,000	980	14,020
Supplies	5,000	0	5,000
Total support services-pupil	<u>20,000</u>	<u>980</u>	<u>19,020</u>
Support services-instructional staff			
Salaries and wages	875	1,022	(147)
Fringe benefits	125	151	(26)
Purchased services	500		500
Total support services-instructional staff	<u>1,500</u>	<u>1,173</u>	<u>327</u>
Total expenditures	<u>21,525</u>	<u>2,465</u>	<u>19,060</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,720)</u>	<u>14,340</u>	<u>19,060</u>
Other financing sources:			
Transfers in	5,000	5,000	0
Total other financing sources	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Excess of revenues and other financing sources over expenditures	<u>280</u>	<u>19,340</u>	<u>19,060</u>
Fund balance, July 1	43	43	0
Fund balance, June 30	<u>\$323</u>	<u>\$19,383</u>	<u>\$19,060</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 DISTRICT MANAGED STUDENT ACTIVITY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Other local revenue	\$39,674	\$39,674	\$0
Total revenues	<u>39,674</u>	<u>39,674</u>	<u>0</u>
Expenditures:			
Extracurricular activities:			
Salaries and wages	400	400	0
Fringe benefits	61	61	0
Purchased services	27,038	25,289	1,749
Supplies	53,602	42,225	11,377
Capital outlay	34,400	34,400	0
Other	17,243	16,771	472
Total extracurricular activities	<u>132,744</u>	<u>119,146</u>	<u>13,598</u>
Facilities services:			
Purchased services	79,538	79,537	1
Capital outlay	731,436	724,734	6,702
Total facilities services	<u>810,974</u>	<u>804,271</u>	<u>6,703</u>
Total expenditures	<u>943,718</u>	<u>923,417</u>	<u>20,301</u>
Deficiency of revenues under expenditures	<u>(904,044)</u>	<u>(883,743)</u>	<u>20,301</u>
Other financing sources:			
Advances in	800,000	800,000	0
Transfers in	86,484	86,484	0
Refund of prior year expenditures	708	708	0
Total other financing sources	<u>887,192</u>	<u>887,192</u>	<u>0</u>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures	<u>(16,852)</u>	<u>3,449</u>	<u>20,301</u>
Fund balance, July 1	10,102	10,102	0
Prior year encumbrances appropriated	3,717	3,717	0
Fund balance (deficit), June 30	<u>(\$3,033)</u>	<u>\$17,268</u>	<u>\$20,301</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 TEACHER DEVELOPMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Intergovernmental-State	\$4,237	\$4,237	0
Total revenues	<u>4,237</u>	<u>4,237</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-regular			
Salaries and wages	4,199	250	3,949
Fringe benefits	38	38	0
Total instruction-regular	<u>4,237</u>	<u>288</u>	<u>3,949</u>
Support services-instructional staff			
Purchased services	7,322	2,228	5,094
Total support services-instructional staff	<u>7,322</u>	<u>2,228</u>	<u>5,094</u>
Total expenditures	<u>11,559</u>	<u>2,516</u>	<u>9,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,322)</u>	<u>1,721</u>	<u>9,043</u>
Fund balance, July 1	7,322	7,322	0
Fund balance, June 30	<u>\$0</u>	<u>\$9,043</u>	<u>\$9,043</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 MANAGEMENT INFORMATION SYSTEMS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$5,000	\$5,000	\$0
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Expenditures:			
Current:			
Support services-central			
Salaries and wages	15,357	15,232	125
Fringe benefits	2,539	2,473	66
Purchased services	2,764	1,296	1,468
Supplies	159	159	0
Total support services-central	<u>20,819</u>	<u>19,160</u>	<u>1,659</u>
Total expenditures	<u>20,819</u>	<u>19,160</u>	<u>1,659</u>
Deficiency of revenues under expenditures	<u>(15,819)</u>	<u>(14,160)</u>	<u>1,659</u>
Other financing sources (uses):			
Transfers in	13,093	13,093	0
Transfers (out)	(1,093)	(1,093)	0
Total other financing sources (uses)	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Deficiency of revenues and other financing sources under expenditures and other financing (uses)	<u>(3,819)</u>	<u>(2,160)</u>	<u>1,659</u>
Fund balance, July 1	3,744	3,744	0
Prior year encumbrances appropriated	112	112	0
Fund balance, June 30	<u>\$37</u>	<u>\$1,696</u>	<u>\$1,659</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 NDEA TITLE II FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$2,564	\$2,564	\$0
Total revenues	<u>2,564</u>	<u>2,564</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-regular			
Salaries and wages	1,000		1,000
Fringe benefits	282		282
Purchased services	1,282	364	918
Total instruction-regular	<u>2,564</u>	<u>364</u>	<u>2,200</u>
Support services-instructional staff			
Purchased services	1,656	1,656	0
Total support services-instructional staff	<u>1,656</u>	<u>1,656</u>	<u>0</u>
Total expenditures	<u>4,220</u>	<u>2,020</u>	<u>2,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,656)</u>	<u>544</u>	<u>2,200</u>
Fund balance, July 1	<u>1,656</u>	<u>1,656</u>	<u>0</u>
Fund balance, June 30	<u>\$0</u>	<u>\$2,200</u>	<u>\$2,200</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 TITLE I FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental -Federal	\$34,588	\$34,588	\$0
Total revenues	<u>34,588</u>	<u>34,588</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-special			
Purchased services	34,089	34,089	0
Total instruction-special	<u>34,089</u>	<u>34,089</u>	<u>0</u>
Support services-instructional staff			
Purchased Services	499	499	0
Total instruction-instructional staff	<u>499</u>	<u>499</u>	<u>0</u>
Total expenditures	<u>34,588</u>	<u>34,588</u>	<u>0</u>
Fund balance, July 1	0	0	0
Fund balance, June 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 TITLE VI FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$2,885	\$2,885	\$0
Total revenues	<u>2,885</u>	<u>2,885</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-special			
Salaries and wages	2,424	2,264	160
Fringe benefits	400	345	55
Total instruction-special	<u>2,824</u>	<u>2,609</u>	<u>215</u>
Total expenditures	<u>2,824</u>	<u>2,609</u>	<u>215</u>
Excess of revenues over expenditures	<u>61</u>	<u>276</u>	<u>215</u>
Other financing uses:			
Refund of prior year receipts	(141)	(141)	0
Total other financing uses	<u>(141)</u>	<u>(141)</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	<u>(80)</u>	<u>135</u>	<u>215</u>
Fund balance, July 1	80	80	0
Fund balance, June 30	<u>\$0</u>	<u>\$215</u>	<u>\$215</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 DRUG-FREE SCHOOL GRANT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - Federal	\$3,960	\$3,960	\$0
Total revenues	<u>3,960</u>	<u>3,960</u>	<u>0</u>
Expenditures:			
Current:			
Support services-pupil			
Salaries and wages	3,430	3,430	0
Fringe benefits	523	392	131
Total support services-pupil	<u>3,953</u>	<u>3,822</u>	<u>131</u>
Total expenditures	<u>3,953</u>	<u>3,822</u>	<u>131</u>
Excess of revenues over expenditures	<u>7</u>	<u>138</u>	<u>131</u>
Other financing uses:			
Refund of prior year receipts	(7)	(7)	0
Total other financing uses	<u>(7)</u>	<u>(7)</u>	<u>0</u>
Excess of revenues over expenditures and other financing uses	<u>0</u>	<u>131</u>	<u>131</u>
Fund balance, July 1	0	0	0
Fund balance, June 30	<u>\$0</u>	<u>\$131</u>	<u>\$131</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 ALL SPECIAL REVENUE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Tuition	\$305	\$305	\$0
Other local revenue	44,131	44,131	0
Revenue from intermediate sources	16,500	16,500	0
Intergovernmental - State	9,237	9,237	0
Intergovernmental - Federal	43,997	43,997	0
Total revenues	<u>114,170</u>	<u>114,170</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-regular			
Salaries and wages	5,199	250	4,949
Fringe benefits	320	38	282
Purchased services	1,282	364	918
Total instruction-regular	<u>6,801</u>	<u>652</u>	<u>6,149</u>
Instruction-special			
Salaries and wages	2,424	2,264	160
Fringe benefits	400	345	55
Purchased services	34,089	34,089	0
Total instruction-special	<u>36,913</u>	<u>36,698</u>	<u>215</u>
Instruction-adult/continuing			
Salaries and wages		250	(250)
Fringe benefits		39	(39)
Supplies	25	23	2
Total instruction-adult/continuing	<u>25</u>	<u>312</u>	<u>(287)</u>
Support services-pupil			
Salaries and wages	3,430	3,430	0
Fringe benefits	523	392	131
Purchased services	19,765	2,729	17,036
Supplies	6,253	2,375	3,878
Total support services-pupil	<u>29,971</u>	<u>8,926</u>	<u>21,045</u>
Support services-instructional staff			
Salaries and wages	875	1,022	(147)
Fringe benefits	2,301	699	1,602
Purchased services	9,977	4,383	5,594
Total support services-instructional staff	<u>13,153</u>	<u>6,104</u>	<u>7,049</u>

CUYAHOGA HEIGHTS SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Support services-central			
Salaries and wages	\$15,357	\$15,232	\$125
Fringe benefits	2,539	2,473	66
Purchased services	2,764	1,296	1,468
Supplies	159	159	0
Total support services-central	<u>20,819</u>	<u>19,160</u>	<u>1,659</u>
Extracurricular activities			
Salaries and wages	400	400	0
Fringe benefits	61	61	0
Purchases services	27,038	25,289	1,749
Supplies	53,602	42,225	11,377
Capital outlay	34,400	34,400	0
Other	17,243	16,771	472
Total extracurricular activities	<u>132,744</u>	<u>119,146</u>	<u>13,598</u>
Facilities services			
Purchased services	79,538	79,537	1
Capital outlay	731,436	724,734	6,702
Total facilities services	<u>810,974</u>	<u>804,271</u>	<u>6,703</u>
Total expenditures	<u>1,051,400</u>	<u>995,269</u>	<u>56,131</u>
Deficiency of revenues under expenditures	<u>(937,230)</u>	<u>(881,099)</u>	<u>56,131</u>
Other financing sources (uses):			
Transfers in	104,577	104,577	0
Transfers (out)	(1,093)	(1,093)	0
Advances in	800,000	800,000	0
Refund of prior year's receipts	(148)	(148)	0
Refund of prior year's expenditures	708	708	0
Total other financing sources (uses)	<u>904,044</u>	<u>904,044</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(33,186)</u>	<u>22,945</u>	<u>56,131</u>
Fund balance, July 1	32,154	32,154	0
Prior year encumbrances appropriated	4,023	4,023	0
Fund balance, June 30	<u>\$2,991</u>	<u>\$59,122</u>	<u>\$56,131</u>

DEBT SERVICE FUND

Section 5705.09, Revised Code

A fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the statutory unvoted ten-mill limitation, which is levied for debt charges on bonds or loans, are paid into this fund.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	\$448,475	\$448,476	\$1
Intergovernmental-State	24,706	24,706	0
Total revenues	<u>473,181</u>	<u>473,182</u>	<u>1</u>
Expenditures:			
Debt service:			
Principal retirement	306,642	306,642	0
Interest and fiscal charges	393,358	299,819	93,539
Total debt service	<u>700,000</u>	<u>606,461</u>	<u>93,539</u>
Total expenditures	<u>700,000</u>	<u>606,461</u>	<u>93,539</u>
Deficiency of revenues under expenditures	<u>(226,819)</u>	<u>(133,279)</u>	<u>93,540</u>
Other financing sources:			
Transfers in	181,786	181,786	0
Total other financing sources	<u>181,786</u>	<u>181,786</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(45,033)	48,507	93,540
Fund balance, July 1	220,334	220,334	0
Fund balance, June 30	<u>\$175,301</u>	<u>\$268,841</u>	<u>\$93,540</u>

CAPITAL PROJECTS FUNDS

Capital Projects funds account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds and trust funds). A description of the District's Capital Projects funds follows:

Permanent Improvement Fund

Section 5705.10, Revised Code

A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Building Fund

This fund accounts for the receipt and expenditures related to all special bond funds in the District and to account for receipts and expenditures involved in the replacement or updating of equipment essential for the instruction of students in job skills. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

SchoolNet Plus Fund

Section 5705.09, Revised Code

This fund accounts for State grants to provide classroom wiring, which will support the transmission of voice, video and data; and to provide a computer workstation and related technology for every classroom in low-wealth school districts.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 1999

	PERMANENT IMPROVEMENT	BUILDING	SCHOOLNET PLUS	TOTAL
Assets:				
Equity in pooled cash and cash equivalents	\$906,023	\$160,220	\$24,379	\$1,090,622
Receivables (net of allowances of uncollectibles):				
Accrued interest	156			156
Total Assets	<u>\$906,179</u>	<u>\$160,220</u>	<u>\$24,379</u>	<u>\$1,090,778</u>
Liabilities:				
Accounts payable	\$45,625		\$1,998	\$47,623
Deferred revenue	156			156
Total Liabilities	<u>45,781</u>	<u>\$0</u>	<u>1,998</u>	<u>47,779</u>
Fund Equity:				
Fund Balances:				
Reserved for encumbrances	285,147	43,289	650	329,086
Unreserved-undesignated	575,251	116,931	21,731	713,913
Total Fund Equity	<u>860,398</u>	<u>160,220</u>	<u>22,381</u>	<u>1,042,999</u>
Total Liabilities and Fund Equity	<u>\$906,179</u>	<u>\$160,220</u>	<u>\$24,379</u>	<u>\$1,090,778</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	PERMANENT IMPROVEMENT	BUILDING	SCHOOLNET PLUS	TOTAL
Revenues:				
Earnings on investments	\$55,241	\$10,716		\$65,957
Intergovernmental - State			\$22,234	22,234
Total Revenues	<u>55,241</u>	<u>10,716</u>	<u>22,234</u>	<u>88,191</u>
Expenditures:				
Current:				
Instruction:				
Regular		24,739	19,520	44,259
Support services :				
Pupil	232,091	32,348		264,439
Instructional staff	5,826			5,826
Operations and maintenance		5,017		5,017
Facilities services	255,133	59,146		314,279
Total Expenditures	<u>493,050</u>	<u>121,250</u>	<u>19,520</u>	<u>633,820</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(437,809)</u>	<u>(110,534)</u>	<u>2,714</u>	<u>(545,629)</u>
Fund balance, July 1	<u>1,298,207</u>	<u>270,754</u>	<u>19,667</u>	<u>1,588,628</u>
Fund balance, June 30	<u>\$860,398</u>	<u>\$160,220</u>	<u>\$22,381</u>	<u>\$1,042,999</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 PERMANENT IMPROVEMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Earnings on investments	\$76,507	\$76,506	(\$1)
Total revenues	<u>76,507</u>	<u>76,506</u>	<u>(1)</u>
Expenditures:			
Support services-pupil			
Purchased services	212,770	61,878	150,892
Supplies	16,008	14,330	1,678
Capital outlay	683,512	161,985	521,527
Total support services-pupil	<u>912,290</u>	<u>238,193</u>	<u>674,097</u>
Support services-instructional staff			
Purchased services	25,000	13,338	11,662
Total support services-instructional staff	<u>25,000</u>	<u>13,338</u>	<u>11,662</u>
Support services-Board of Education			
Purchased services	103,198	1,120	102,078
Total support services-Board of Education	<u>103,198</u>	<u>1,120</u>	<u>102,078</u>
Facilities services			
Purchased services	51,977	50,977	1,000
Capital outlay	477,829	475,689	2,140
Total facilities services	<u>529,806</u>	<u>526,666</u>	<u>3,140</u>
Total expenditures	<u>1,570,294</u>	<u>779,317</u>	<u>790,977</u>
Deficiency of revenues under expenditures	<u>(1,493,787)</u>	<u>(702,811)</u>	<u>790,976</u>
Fund balance, July 1	1,031,758	1,031,758	0
Prior year encumbrances appropriated	246,303	246,303	0
Fund balance (deficit), June 30	<u>(\$215,726)</u>	<u>\$575,250</u>	<u>\$790,976</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
BUILDING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Earnings on investments	\$11,879	\$11,879	\$0
Total revenues	11,879	11,879	0
Expenditures:			
Current:			
Instruction-regular			
Capital outlay	30,400	30,307	93
Total instruction-regular	30,400	30,307	93
Support services-pupil			
Purchased services	34,045	4,234	29,811
Capital outlay	47,545	46,415	1,130
Total support services-pupil	81,590	50,649	30,941
Support services-operations and maintenance			
Purchased services	7,000	5,445	1,555
Capital outlay	25,962	25,880	82
Total support services-operations and maintenance	32,962	31,325	1,637
Facilities services			
Purchased services	54,131	12,126	42,005
Supplies	4,000	2,020	1,980
Capital outlay	57,717	56,813	904
Other	287	287	0
Total facilities services	116,135	71,246	44,889
Total expenditures	261,087	183,527	77,560
Deficiency of revenues under expenditures	(249,208)	(171,648)	77,560
Fund balance, July 1	257,493	257,493	0
Prior year encumbrances appropriated	31,088	31,088	0
Fund balance, June 30	\$39,373	\$116,933	\$77,560

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 SCHOOLNET PLUS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental - State	\$22,234	\$22,234	\$0
Total revenues	<u>22,234</u>	<u>22,234</u>	<u>0</u>
Expenditures:			
Current:			
Instruction-regular			
Purchased services	400	400	0
Supplies	24,683	10,603	14,080
Capital outlay	9,218	8,918	300
Total instruction regular	<u>34,301</u>	<u>19,921</u>	<u>14,380</u>
Support services - pupil			
Purchased services	2,100	250	1,850
Total support services-pupil	<u>2,100</u>	<u>250</u>	<u>1,850</u>
Support services - instructional staff			
Salaries and wages	5,000		5,000
Fringe benefits	500		500
Total support services-instructional staff	<u>5,500</u>	<u>0</u>	<u>5,500</u>
Total expenditures	<u>41,901</u>	<u>20,171</u>	<u>21,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,667)</u>	<u>2,063</u>	<u>21,730</u>
Fund balance, July 1	19,667	19,667	0
Fund balance, June 30	<u>\$0</u>	<u>\$21,730</u>	<u>\$21,730</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 ALL CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Earnings on investments	\$88,386	\$88,385	(\$1)
Intergovernmental - State	22,234	22,234	0
Total revenues	<u>110,620</u>	<u>110,619</u>	<u>(1)</u>
Expenditures:			
Current:			
Instruction-regular			
Purchased services	400	400	0
Supplies	24,683	10,603	14,080
Capital outlay	39,618	39,225	393
Total instruction-regular	<u>64,701</u>	<u>50,228</u>	<u>14,473</u>
Support services-pupil			
Purchased services	248,915	66,362	182,553
Supplies	16,008	14,330	1,678
Capital outlay	731,057	208,400	522,657
Total support services-pupil	<u>995,980</u>	<u>289,092</u>	<u>706,888</u>
Support services-instructional staff			
Salaries and wages	5,000		5,000
Fringe benefits	500		500
Purchased services	25,000	13,338	11,662
Total support services-instructional staff	<u>30,500</u>	<u>13,338</u>	<u>17,162</u>
Support services-Board of Education			
Purchased services	103,198	1,120	102,078
Total support services-Board of Education	<u>103,198</u>	<u>1,120</u>	<u>102,078</u>
Support services-operations and maintenance			
Purchased services	7,000	5,445	1,555
Capital outlay	25,962	25,880	82
Total support services-operations and maintenance	<u>32,962</u>	<u>31,325</u>	<u>1,637</u>
Facilities services			
Purchased services	106,108	63,103	43,005
Supplies	4,000	2,020	1,980
Capital outlay	535,546	532,502	3,044
Other	287	287	0
Total facilities services	<u>645,941</u>	<u>597,912</u>	<u>48,029</u>
Total expenditures	<u>1,873,282</u>	<u>983,015</u>	<u>890,267</u>
Deficiency of revenues under expenditures	<u>(1,762,662)</u>	<u>(872,396)</u>	<u>890,266</u>
Fund balance, July 1	1,308,918	1,308,918	0
Prior year encumbrances appropriated	277,391	277,391	0
Fund balance (deficit), June 30	<u>(\$176,353)</u>	<u>\$713,913</u>	<u>\$890,266</u>

ENTERPRISE FUNDS

Section 5705.12 Revised Code

A fund category to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students or general public on a continuing basis are financed or recovered primarily through user charges. Enterprise funds may also account for operations where the school board has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Services Fund

Section 3313.81, Revised Code

A fund used to record financial transactions related to food service operations.

Uniform School Supplies Fund

Section 3313.811, Revised Code

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

Adult Education Fund

Section 5705.12, Revised Code

A fund provided to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursement from the Ohio Department of Education. Expenditures include supplies, salaries and textbooks.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 JUNE 30, 1999

	FOOD SERVICE	UNIFORM SCHOOL SUPPLIES	ADULT EDUCATION	TOTAL
Assets:				
Equity in pooled cash and cash equivalents	\$52,223	\$2,950	\$1,700	\$56,873
Accounts receivable (Net of allowances for uncollectibles)	37			37
Due from other governments	3,344			3,344
Materials and supplies inventory	9,249	1,312		10,561
Property, Plant & Equipment - (Net of accumulated Depreciation)	17,619			17,619
Total Assets	\$82,472	\$4,262	\$1,700	\$88,434
Liabilities:				
Accrued wages and benefits	\$8,583			\$8,583
Compensated absences payable	12,976			12,976
Pension obligation payable	670			670
Deferred revenue	4,870			4,870
Total Liabilities	27,099	\$0	\$0	27,099
Fund Equity:				
Retained earnings-unreserved	55,373	4,262	1,700	61,335
Total Fund Equity	55,373	4,262	1,700	61,335
Total Liabilities and Fund Equity	\$82,472	\$4,262	\$1,700	\$88,434

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	FOOD SERVICE	UNIFORM SCHOOL SUPPLIES	ADULT EDUCATION	TOTAL
Operating Revenues:				
Tuition and fees			\$70	\$70
Sales/charges for services	\$154,873	\$2,660		157,533
Other operating revenues	18			18
Total Operating Revenues	<u>154,891</u>	<u>2,660</u>	<u>70</u>	<u>157,621</u>
Operating Expenses:				
Salaries and wages	111,736			111,736
Fringe benefits	38,978			38,978
Contract services	3,898			3,898
Materials and supplies	92,678	3,037		95,715
Depreciation	1,774			1,774
Total Operating Expenses	<u>249,064</u>	<u>3,037</u>	<u>0</u>	<u>252,101</u>
Operating Income (Loss)	<u>(94,173)</u>	<u>(377)</u>	<u>70</u>	<u>(94,480)</u>
Nonoperating Revenues:				
Operating grants	22,043			22,043
Federal commodities	9,417			9,417
Interest revenue	738			738
Total Nonoperating Revenues	<u>32,198</u>	<u>0</u>	<u>0</u>	<u>32,198</u>
Net Income (Loss) before operating transfers	<u>(61,975)</u>	<u>(377)</u>	<u>70</u>	<u>(62,282)</u>
Operating transfers in	70,000			70,000
Net Income (Loss)	<u>8,025</u>	<u>(377)</u>	<u>70</u>	<u>7,718</u>
Retained earnings, July 1	47,348	4,639	1,630	53,617
Retained earnings, June 30	<u>\$55,373</u>	<u>\$4,262</u>	<u>\$1,700</u>	<u>\$61,335</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING STATEMENT OF CASH FLOWS
 ALL ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	FOOD SERVICE	UNIFORM SCHOOL SUPPLIES	ADULT EDUCATION	TOTAL
Cash flows from operating activities:				
Cash received from tuition and fees			\$70	\$70
Cash received from sales/charges for services	\$155,081	\$2,660		157,741
Cash payments for personal services	(150,060)			(150,060)
Cash payments for contract services	(3,898)			(3,898)
Cash payments for supplies and materials	(82,628)	(2,004)		(84,632)
Net cash provided by (used in) operating activities	(81,505)	656	70	(80,779)
Cash flows from noncapital financing activities:				
Cash received from operating grants	18,699			18,699
Cash received from operating transfers	70,000			70,000
Net cash provided by noncapital financing activities	88,699			88,699
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(3,750)			(3,750)
Net cash used in capital and related financing activities	(3,750)			(3,750)
Cash flows from investing activities:				
Interest received	738			738
Net cash provided by investing activities	738			738
Net increase in cash and cash equivalents	4,182	656	70	4,908
Cash and cash equivalents at beginning of year	48,041	2,294	1,630	51,965
Cash and cash equivalents at end of year	\$52,223	\$2,950	\$1,700	\$56,873
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	(\$94,173)	(\$377)	\$70	(\$94,480)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,774			1,774
Federal donated commodities	9,417			9,417
Changes in assets and liabilities:				
Decrease in supplies inventory	3,136	1,033		4,169
Decrease in accounts receivable	190			190
Increase in accrued wages and benefits	1,182			1,182
Decrease in compensated absences payable	(636)			(636)
Increase in pension obligation payable	108			108
Decrease in deferred revenue	(2,503)			(2,503)
Net cash provided by (used in) operating activities	(81,505)	\$656	\$70	(80,779)

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 FOOD SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Sales	\$154,843	\$154,842	(\$1)
Other	239	239	0
Total operating revenues	<u>155,082</u>	<u>155,081</u>	<u>(1)</u>
Operating expenses:			
Salaries and wages	110,796	110,371	425
Fringe benefits	42,559	39,689	2,870
Contract services	9,700	8,246	1,454
Supplies	115,389	82,024	33,365
Capital outlay	5,427	5,266	161
Total operating expenses	<u>283,871</u>	<u>245,596</u>	<u>38,275</u>
Operating loss	<u>(128,789)</u>	<u>(90,515)</u>	<u>38,274</u>
Nonoperating revenues:			
Operating grants	18,699	18,699	0
Interest revenue	738	738	0
Total nonoperating revenues	<u>19,437</u>	<u>19,437</u>	<u>0</u>
Net loss before operating transfers	<u>(109,352)</u>	<u>(71,078)</u>	<u>38,274</u>
Operating transfers in	70,000	70,000	0
Total operating transfers	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Net loss	<u>(39,352)</u>	<u>(1,078)</u>	<u>38,274</u>
Fund Equity, July 1	44,442	44,442	0
Prior year encumbrances appropriated	3,599	3,599	0
Fund Equity, June 30	<u>\$8,689</u>	<u>\$46,963</u>	<u>\$38,274</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 UNIFORM SCHOOL SUPPLIES FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Sales	\$2,660	\$2,660	\$0
Total operating revenues	<u>2,660</u>	<u>2,660</u>	<u>0</u>
Operating expenses:			
Supplies	2,500	2,004	496
Total operating expenses	<u>2,500</u>	<u>2,004</u>	<u>496</u>
Operating income	160	656	496
Fund equity, July 1	<u>2,294</u>	<u>2,294</u>	<u>0</u>
Fund equity, June 30	<u><u>\$2,454</u></u>	<u><u>\$2,950</u></u>	<u><u>\$496</u></u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 ADULT EDUCATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Tuition and fees	\$70	\$70	\$0
Total operating revenues	<u>70</u>	<u>70</u>	<u>0</u>
Operating expenses:			
Salaries and wages	1,400		1,400
Fringe benefits	100		100
Total operating expenses	<u>1,500</u>	<u>0</u>	<u>1,500</u>
Operating income (loss)	<u>(1,430)</u>	<u>70</u>	<u>1,500</u>
Fund equity, July 1	<u>1,630</u>	<u>1,630</u>	<u>0</u>
Fund equity, June 30	<u><u>\$200</u></u>	<u><u>\$1,700</u></u>	<u><u>\$1,500</u></u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Tuition and fees	\$70	\$70	\$0
Sales	157,503	157,502	(1)
Other	239	239	0
Total operating revenues	<u>157,812</u>	<u>157,811</u>	<u>(1)</u>
Operating expenses:			
Salaries and wages	112,196	110,371	1,825
Fringe benefits	42,659	39,689	2,970
Contract services	9,700	8,246	1,454
Supplies	117,889	84,028	33,861
Capital outlay	5,427	5,266	161
Total operating expenses	<u>287,871</u>	<u>247,600</u>	<u>40,271</u>
Operating loss	<u>(130,059)</u>	<u>(89,789)</u>	<u>40,270</u>
Nonoperating revenues:			
Operating grants	18,699	18,699	0
Interest revenue	738	738	0
Total nonoperating revenues	<u>19,437</u>	<u>19,437</u>	<u>0</u>
Net loss before operating transfers	<u>(110,622)</u>	<u>(70,352)</u>	<u>40,270</u>
Operating transfers in	70,000	70,000	0
Total operating transfers	<u>70,000</u>	<u>70,000</u>	<u>0</u>
Net loss	<u>(40,622)</u>	<u>(352)</u>	<u>40,270</u>
Fund equity, July 1	48,366	48,366	0
Prior year encumbrances appropriated	3,599	3,599	0
Fund equity, June 30	<u>\$11,343</u>	<u>\$51,613</u>	<u>\$40,270</u>

INTERNAL SERVICE FUNDS

A fund category used to account for the financing of goods or services provided by one department or agency of the District to other departments or agencies on a cost-reimbursement basis. Charges are intended only to recoup the total cost of such services.

Internal Service Rotary Fund

Section 5705.12, Revised Code

A fund provided to account for operations that provide goods or services to other governmental units on a cost-reimbursement basis. The use of the fund may be applied to situations where the district acts as fiscal agent for a multi-district program.

Employee Benefits Self-Insurance Fund

Section 5705.09, Revised Code

A fund provided to account for monies received from other funds as payment for providing medical, hospitalization, life, dental, vision, or any other similar employee benefits. The Employee Benefits Self-Insurance Fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payment or administration, for stop-loss coverage or for any other reinsurance or other similar purposes.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING BALANCE SHEET
 ALL INTERNAL SERVICE FUNDS
 JUNE 30, 1999

	INTERNAL SERVICE ROTARY	EMPLOYEE BENEFITS SELF-INSURANCE	TOTAL
Assets:			
Equity in pooled cash and cash equivalents	\$2,309	\$79,993	\$82,302
Cash with fiscal agent		77,854	77,854
Total Assets	<u>\$2,309</u>	<u>\$157,847</u>	<u>\$160,156</u>
Liabilities:			
Accounts payable	\$45		\$45
Deferred revenue	1,728		1,728
Claims payable		\$86,864	86,864
Incurred but not reported claims		18,727	18,727
Total Liabilities	<u>1,773</u>	<u>105,591</u>	<u>107,364</u>
Fund Equity:			
Retained earnings-unreserved	536	52,256	52,792
Total fund equity	<u>536</u>	<u>52,256</u>	<u>52,792</u>
Total Liabilities and Fund Equity	<u>\$2,309</u>	<u>\$157,847</u>	<u>\$160,156</u>

**CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	INTERNAL SERVICE ROTARY	EMPLOYEE BENEFITS SELF-INSURANCE	TOTAL
Operating Revenues:			
Tuition and fees	\$5,066		\$5,066
Sales/charges for services	52,568	\$250,844	303,412
Total Operating Revenues	<u>57,634</u>	<u>250,844</u>	<u>308,478</u>
Operating expenses:			
Contract services	45,194		45,194
Other operating expense	11,241		11,241
Claims expense		267,580	267,580
Total operating expenses	<u>56,435</u>	<u>267,580</u>	<u>324,015</u>
Net income (loss)	<u>1,199</u>	<u>(16,736)</u>	<u>(15,537)</u>
Retained earnings (deficit), July 1	(663)	68,992	68,329
Retained earnings, June 30	<u>\$536</u>	<u>\$52,256</u>	<u>\$52,792</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING STATEMENT OF CASH FLOWS
 ALL INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	INTERNAL SERVICE ROTARY	EMPLOYEE BENEFITS SELF-INSURANCE	TOTAL
Cash flows from operating activities:			
Cash received from tuition and fees	\$5,066		\$5,066
Cash received from sales/charges for services	50,547	\$250,844	301,391
Cash payments for contract services	(45,149)		(45,149)
Cash payments for claims expenses		(256,936)	(256,936)
Cash payments for other operating expenses	(11,241)		(11,241)
Net cash used in operating activities	(777)	(6,092)	(6,869)
Net decrease in cash and cash equivalents	(777)	(6,092)	(6,869)
Cash and cash equivalents at beginning of year	3,086	86,085	89,171
Cash and cash equivalents at end of year	<u>\$2,309</u>	<u>\$79,993</u>	<u>\$82,302</u>
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$1,199	(\$16,736)	(\$15,537)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Changes in assets and liabilities:			
Increase in accounts payable	45		45
Increase in claims payable		10,644	10,644
Decrease in deferred revenue	(2,021)		(2,021)
Net cash used in operating activities	<u>(\$777)</u>	<u>(\$6,092)</u>	<u>(\$6,869)</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 INTERNAL SERVICE ROTARY FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$50,547	\$50,547	\$0
Tuition and fees	5,066	5,066	0
Total operating revenues	<u>55,613</u>	<u>55,613</u>	<u>0</u>
Operating expenses:			
Contract services	46,415	45,406	1,009
Supplies	18		18
Other operating expenses	11,066	11,241	(175)
Total operating expenses	<u>57,499</u>	<u>56,647</u>	<u>852</u>
Operating loss	<u>(1,886)</u>	<u>(1,034)</u>	<u>852</u>
Fund equity, July 1	2,585	2,585	0
Prior year encumbrances appropriated	500	500	0
Fund equity, June 30	<u>\$1,199</u>	<u>\$2,051</u>	<u>\$852</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 EMPLOYEE BENEFITS SELF-INSURANCE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$250,844	\$250,844	\$0
Total operating revenues	<u>250,844</u>	<u>250,844</u>	<u>0</u>
Operating expenses:			
Claims expense	275,000	256,936	18,064
Total operating expenses	<u>275,000</u>	<u>256,936</u>	<u>18,064</u>
Operating loss	<u>(24,156)</u>	<u>(6,092)</u>	<u>18,064</u>
Fund equity, July 1	86,085	86,085	0
Fund equity, June 30	<u>\$61,929</u>	<u>\$79,993</u>	<u>\$18,064</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 ALL INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Charges for services	\$301,391	\$301,391	\$0
Tuition and fees	5,066	5,066	0
Total operating revenues	<u>306,457</u>	<u>306,457</u>	<u>0</u>
Operating expenses:			
Contract services	321,415	302,342	19,073
Supplies	18	0	18
Capital outlay	11,066	11,241	(175)
Total operating expenses	<u>332,499</u>	<u>313,583</u>	<u>18,916</u>
Operating loss	<u>(26,042)</u>	<u>(7,126)</u>	<u>18,916</u>
Fund equity, July 1	88,670	88,670	0
Prior year encumbrances appropriated	500	500	0
Fund equity, June 30	<u>\$63,128</u>	<u>\$82,044</u>	<u>\$18,916</u>

FIDUCIARY FUND TYPES

EXPENDABLE TRUST FUND

Section 5705.09, Revised Code

A fund used to account for assets held by a school system in a trustee capacity or as an agent for individuals, private organizations, other governmental and/or other funds.

NONEXPENDABLE TRUST FUND

Section 5705.09, Revised Code

A fund used to account for money, securities or lands which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact. Such funds are also identified as endowment funds.

AGENCY FUNDS

District Agency Fund

Section 5705.12, Revised Code

A fund used to account for those assets held by a school district as an agent for individuals, private organizations, other governmental units, and/or other funds. In an agency fund, assets equal liabilities, and the fund balance is zero.

Student Managed Activity Fund

Section 3313.062, Revised Code

A fund provided to account for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 COMBINING BALANCE SHEET
 ALL FIDUCIARY FUND TYPES
 JUNE 30, 1999

	EXPENDABLE TRUST FUND	NONEXPENDABLE TRUST FUND	AGENCY FUNDS	TOTAL
Assets:				
Equity in pooled cash and cash equivalents	\$2,335		\$60,509	\$62,844
Equity in pooled cash and cash equivalents- nonexpendable trust		\$65,868		65,868
Total Assets	<u>\$2,335</u>	<u>\$65,868</u>	<u>\$60,509</u>	<u>\$128,712</u>
Liabilities:				
Accounts payable	\$441		\$2,451	\$2,892
Deferred revenue			945	945
Due to other governments			8,357	8,357
Due to students		\$409	48,756	49,165
Total Liabilities	<u>441</u>	<u>409</u>	<u>60,509</u>	<u>61,359</u>
Fund Equity:				
Fund Balance:				
Reserved for encumbrances	804			804
Reserved for principal endowment		42,673		42,673
Reserved for scholarships		22,786		22,786
Unreserved-undesignated	1,090			1,090
Total Fund Equity	<u>1,894</u>	<u>65,459</u>		<u>67,353</u>
Total Liabilities and Fund Equity	<u>\$2,335</u>	<u>\$65,868</u>	<u>\$60,509</u>	<u>\$128,712</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Earnings on investments	\$101	\$101	\$0
Other local revenues	825	825	0
Total revenues	<u>926</u>	<u>926</u>	<u>0</u>
Expenditures:			
Community services			
Other	1,804	1,403	401
Total community services	<u>1,804</u>	<u>1,403</u>	<u>401</u>
Total expenditures	<u>1,804</u>	<u>1,403</u>	<u>401</u>
Deficiency of revenues under expenditures	<u>(878)</u>	<u>(477)</u>	<u>401</u>
Fund balance, July 1	1,609	1,609	0
Prior year encumbrances appropriated	400	400	0
Fund balance, June 30	<u>\$1,131</u>	<u>\$1,532</u>	<u>\$401</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
 SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Operating revenues:			
Earnings on investments	\$2,979	\$2,978	(\$1)
Other operating revenues	9,495	9,494	(1)
Total operating revenues	<u>12,474</u>	<u>12,472</u>	<u>(2)</u>
Operating expenses:			
Supplies	162	56	106
Other operating expenses	49,897	4,706	45,191
Total operating expenses	<u>50,059</u>	<u>4,762</u>	<u>45,297</u>
Operating income (loss)	<u>(37,585)</u>	<u>7,710</u>	<u>45,295</u>
Fund balance, July 1	55,903	55,903	0
Prior year encumbrances appropriated	59	59	0
Fund balance, June 30	<u>\$18,377</u>	<u>\$63,672</u>	<u>\$45,295</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Beginning Balance July 1, 1998	Additions	Deletions	Ending Balance June 30, 1999
<u>Student Managed Activity Fund</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$34,568	\$78,571	\$61,104	\$52,035
Total Assets	<u>\$34,568</u>	<u>\$78,571</u>	<u>\$61,104</u>	<u>\$52,035</u>
Liabilities:				
Accounts payable		\$2,334		\$2,334
Deferred revenue		945		945
Due to Students	\$34,568	48,756	\$34,568	48,756
Total Liabilities	<u>\$34,568</u>	<u>\$52,035</u>	<u>\$34,568</u>	<u>\$52,035</u>
<u>District Agency</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$8,988	\$1,489	\$2,003	\$8,474
Total Assets	<u>\$8,988</u>	<u>\$1,489</u>	<u>\$2,003</u>	<u>\$8,474</u>
Liabilities:				
Accounts payable		\$117		\$117
Due to other governments	\$8,988	8,357	\$8,988	8,357
Total Liabilities	<u>\$8,988</u>	<u>\$8,474</u>	<u>\$8,988</u>	<u>\$8,474</u>
<u>All Agency Funds</u>				
Assets:				
Equity in pooled cash and cash equivalents	\$43,556	\$80,060	\$63,107	\$60,509
Total Assets	<u>\$43,556</u>	<u>\$80,060</u>	<u>\$63,107</u>	<u>\$60,509</u>
Liabilities:				
Accounts payable	\$0	\$2,451	\$0	\$2,451
Deferred revenue	0	945	0	945
Due to other governments	8,988	8,357	8,988	8,357
Due to students	34,568	48,756	34,568	48,756
Total Liabilities	<u>\$43,556</u>	<u>\$60,509</u>	<u>\$43,556</u>	<u>\$60,509</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets is a balanced group of accounts used to establish control and accountability for the costs of all real property and movable equipment owned by the School Board. The investment in General Fixed Assets is carried until the disposition of the property and ownership is relinquished. Depreciation on fixed assets is not recorded.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ASSET CLASS
JUNE 30, 1999

Function	Land and Improvements	Buildings	Furniture and equipment	Vehicles	Construction in Progress	Total
Instruction						
Regular			\$825,459			\$825,459
Special			3,389			3,389
Support Services						
Pupil			573,464			573,464
Instructional staff			175,501			175,501
Administration			93,439			93,439
Fiscal			45,025			45,025
Operations and Maintenance	\$4,602	\$5,347	250,542	\$43,694		304,185
Pupil transportation			22,997	708,514		731,511
Central			13,314			13,314
Community services			80,367			80,367
Extracurricular activities			97,796			97,796
Facilities services	1,189,273	12,695,579	239,407		\$450,454	14,574,713
Total General Fixed Assets	\$1,193,875	\$12,700,926	\$2,420,700	\$752,208	\$450,454	\$17,518,163

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Function	General Fixed Assets July 1, 1998	Increases	(Decreases)	General Fixed assets June 30, 1999
Instruction				
Regular	\$784,465	\$56,645	(\$15,651)	\$825,459
Special	3,389			3,389
Support Services				
Pupil	430,173	160,385	(17,094)	573,464
Instructional staff	184,993	11,570	(21,062)	175,501
Administration	100,415	3,107	(10,083)	93,439
Fiscal	50,534	8,991	(14,500)	45,025
Operations and Maintenance	266,865	37,320		304,185
Pupil transportation	711,765	86,986	(67,240)	731,511
Central	17,692		(4,378)	13,314
Community services	80,367			80,367
Extracurricular activities	90,111	8,430	(745)	97,796
Facilities services	13,662,019	1,362,190	(449,496)	14,574,713
Total General Fixed Assets	<u>\$16,382,788</u>	<u>\$1,735,624</u>	<u>(\$600,249)</u>	<u>\$17,518,163</u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
JUNE 30, 1999

General fixed assets:	
Land and improvements	\$1,193,875
Buildings	12,700,926
Furniture and equipment	2,420,700
Vehicles	752,208
Construction in progress	450,454
	<hr/>
Total General Fixed Assets	<u><u>\$17,518,163</u></u>

Investment in General Fixed Assets by Source:

Acquisitions since July 1, 1992

General Fund	\$4,995,742
Permanent Improvement Fund	818,343
Building Fund	5,168,156
District Managed Student Activity Fund	28,993
Lottery Funds	19,673
SchoolNet Grant Fund	51,241
Security Grant Fund	5,255
Title VI Fund	9,635
Donations	3,679
Student Managed Activity Fund	823

Total acquisitions since system start-up

<u>Acquisitions prior to June 30, 1992</u>	<u>6,416,623</u>
Total investment in General Fixed Assets	<u><u>\$17,518,163</u></u>

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

	1999	1998	1997	1996	1995	1994	1993	1992 (1)	1991	1990
Current:										
Instruction:										
Regular	\$4,593,099	\$4,082,113	\$3,949,883	\$4,400,373	\$4,112,231	\$3,903,461	\$3,787,788	\$3,707,924	\$3,352,592	\$2,888,562
Special	355,993	157,260	153,877	148,095	144,717	108,695	121,739	218,077	204,217	152,049
Adult/continuing	109,406	172,621	93,374	78,555	58,514	104,406	115,578			
Support Services:										
Pupil	829,054	706,822	593,534	618,866	593,263	524,783	571,589	518,017	479,902	392,156
Instructional staff	499,811	498,905	417,926	437,669	395,582	401,185	382,578	384,165	360,079	321,625
Board of Education	45,722	37,640	27,973	40,592	30,781	24,884	26,768	30,539	23,922	18,731
Administration	776,680	487,518	642,371	1,106,895	935,301	862,458	792,152	780,662	708,822	650,820
Fiscal	488,215	401,531	410,106	442,048	413,378	354,852	432,768	409,109	288,207	280,872
Business	85,112	73,413	52,730	66,412	59,973	59,019	49,213	60,211	69,545	67,357
Operation & maintenance	1,301,003	1,182,946	1,147,083	1,311,873	1,343,936	1,202,726	1,203,592	1,155,957	1,067,812	1,082,170
Pupil transportation	546,238	431,048	398,426	421,049	421,159	415,767	483,790	426,196	342,827	419,400
Central	29,692	31,216	48,270	47,707	51,165	86,827	63,738	99,933	58,525	51,187
Community services	69,409	39,545	10,454	34,992	49,127	47,718	46,884			
Extracurricular activities	427,571	339,571	288,774	286,731	281,504	260,796	228,872	178,513	159,525	127,234
Intergovernmental						1,094	765,974	88,770	78,164	58,050
Miscellaneous										
Facilities services	228,671	236,752		15,890	11,094					
Capital outlay		140,562	113,890					267,658	319,691	42,333
Debt service	44,666	132,733	18,519	20,201	20,201	17,670	16,734			
Total	\$10,430,342	\$9,152,196	\$8,367,190	\$9,477,948	\$8,921,926	\$8,386,341	\$9,089,757	\$8,325,731	\$7,513,830	\$6,552,546

Source: School district financial records

(1) Fiscal years 1990-1992 are reported on a cash basis; all other fiscal years are reported on a Gaap basis.

TABLE 2

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
 GENERAL FUND REVENUES BY SOURCE
 LAST TEN FISCAL YEARS

	1999	1998	1997	1996	1995	1994	1993	1992 (1)	1991	1990
Taxes	\$11,344,659	\$9,256,357	\$8,030,003	\$7,981,911	\$7,354,976	\$7,508,156	\$8,298,477	\$7,498,867	\$7,022,404	\$6,796,704
Earnings on investments	279,751	256,303	238,452	248,548	362,711	144,279	207,731	299,622	408,085	459,901
Tuition	3,650	4,030	2,275	8,943	10,857	13,704	9,994			
Other local revenues	35,489	82,820	33,200	11,615	34,222	21,201	19,642	33,677	42,196	23,873
Revenue from intermediate sources	81,367	108,987		13,123	62,912	166				
Intergovernmental	952,063	749,174	727,364	562,731	495,254	195,950	845,832	463,477	480,150	400,932
Total	\$12,696,979	\$10,457,671	\$9,031,294	\$8,826,871	\$8,320,932	\$7,883,456	\$9,381,676	\$8,293,643	\$7,952,835	\$7,681,410

Source: School district financial records

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(1) Fiscal years 1990-1992 are reported on a cash basis; all other fiscal years are reported on a Gaap basis.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY REAL PROPERTY TAXES (1)

LAST TEN CALENDAR YEARS

Year(2)	Current Taxes Levied	Delinquent Levy(3)	Total Levy	Current Collection	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection As a Percent of Total Levy
1998	\$6,407,914	\$174,617	\$6,582,531	\$6,279,194	97.99%	\$109,320	\$6,388,514	97.05%
1997	4,879,747	82,711	4,962,458	4,722,461	96.78%	40,479	4,762,940	95.98%
1996	4,878,788	224,266	5,103,054	4,817,664	98.75%	151,323	4,968,987	97.37%
1995	4,849,757	220,002	5,069,759	4,552,148	93.86%	110,335	4,662,483	91.97%
1994	4,670,452	202,805	4,873,257	4,584,216	98.15%	82,026	4,666,242	95.75%
1993	4,651,757	171,138	4,822,895	4,475,898	96.22%	108,527	4,584,425	95.06%
1992	4,279,568	124,580	4,404,148	4,171,251	97.47%	67,867	4,239,118	96.25%
1991	3,699,118	164,077	3,863,195	3,614,265	97.71%	116,193	3,730,458	96.56%
1990	3,541,404	182,879	3,724,283	3,489,342	98.53%	64,106	3,553,448	95.41%
1989	3,392,576	703,665	4,096,241	3,291,116	97.01%	65,607	3,356,723	81.95%

Source: Cuyahoga County Auditor. The data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

(1) Includes state-mandated tax-reduction amounts, which are subsequently reimbursed to the District by the State, and reported as Intergovernmental revenue.

(2) Represents the collection year. 1999 information cannot be presented because all collections have not been made as of the District's June 30 fiscal year end.

(3) This amount cannot be calculated from other data in this table because of retroactive additions and deletions.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN CALENDAR YEARS

Tax Collection Year	Agricultural and Residential Real Estate	Other Real Estate	Public Utility		General Tangible		Total Assessed Value	Estimated Actual Value (1)	Assessed Value as a % of Actual Value
			Personal Property	Tangible	Personal Property	Tangible			
1999	\$71,785,000	\$157,393,180	\$49,539,070	\$217,943,263	\$496,660,513	\$1,582,862,250	31.38%		
1998	71,589,200	154,789,810	48,201,880	208,115,925	482,696,815	1,534,035,735	31.47%		
1997	65,200,600	144,988,870	47,373,720	188,469,099	446,032,289	1,408,251,512	31.67%		
1996	64,709,840	144,785,120	47,352,670	181,935,118	438,782,748	1,380,107,353	31.79%		
1995	63,428,830	144,013,740	47,735,500	185,673,212	440,851,282	1,389,630,792	31.72%		
1994	56,281,990	142,364,160	49,799,370	171,090,938	419,536,458	1,308,514,374	32.06%		
1993	54,399,300	141,952,170	48,422,130	182,365,640	427,139,240	1,345,491,908	31.75%		
1992	53,023,770	138,070,620	47,728,890	198,010,473	436,833,753	1,392,263,238	31.38%		
1991	45,021,510	122,985,160	44,081,270	196,563,144	408,651,084	1,316,363,985	31.04%		
1990	44,199,140	114,989,690	43,573,760	196,141,786	398,904,376	1,288,908,009	30.95%		

Source: Cuyahoga County Auditor. The data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

(1) This amount is calculated based on the following percentages for tax year 1998:

Real property is assessed at 35% of actual value.

General tangible personal property is assessed at 25% of actual value

Public utility tangible personal property is assessed at 88% of actual value; prior to 1991 it was assessed at 100 % of actual value.

TABLE 5

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUE)
 LAST TEN CALENDAR YEARS

Year	School Levy	Cuyahoga Valley JVS	County Levy	Village Levies	Total Levy	Amount of Debt Service Included in Total Levy			
						School	County	Villages	Total
1999									
Village of Brooklyn Hts.	\$23.90	\$2.00	\$16.70	\$4.40	\$47.00	\$1.00	\$0.27	\$0.00	\$1.27
Village of Cuyahoga Hts.	23.90	2.00	16.70	4.40	47.00	1.00	0.27	0.00	1.27
Village of Valley View	23.90	2.00	16.70	7.10	49.70	1.00	0.27	0.00	1.27
1998									
Village of Brooklyn Hts.	23.90	2.00	18.00	4.40	48.30	1.00	0.27	0.00	1.27
Village of Cuyahoga Hts.	23.90	2.00	18.00	4.40	48.30	1.00	0.27	0.00	1.27
Village of Valley View	23.90	2.00	18.00	7.10	51.00	1.00	0.27	0.00	1.27
1997									
Village of Brooklyn Hts.	19.00	2.00	18.00	4.40	43.40	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	19.00	2.00	18.00	4.40	43.40	0.00	0.27	0.00	0.27
Village of Valley View	19.00	2.00	18.00	7.10	46.10	0.00	0.27	0.00	0.27
1996									
Village of Brooklyn Hts.	19.00	2.00	18.00	4.40	43.40	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	19.00	2.00	18.00	4.40	43.40	0.00	0.27	0.00	0.27
Village of Valley View	19.00	2.00	18.00	7.10	46.10	0.00	0.27	0.00	0.27
1995									
Village of Brooklyn Hts.	19.00	2.00	18.20	4.40	43.60	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	19.00	2.00	18.20	4.40	43.60	0.00	0.27	0.00	0.27
Village of Valley View	19.00	2.00	18.20	7.10	46.30	0.00	0.27	0.00	0.27
1994									
Village of Brooklyn Hts.	19.00	2.00	17.80	4.40	43.20	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	19.00	2.00	17.80	4.40	43.20	0.00	0.27	0.00	0.27
Village of Valley View	19.00	2.00	17.80	7.10	45.90	0.00	0.27	0.00	0.27
1993									
Village of Brooklyn Hts.	19.00	2.00	17.80	4.40	43.20	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	19.00	2.00	17.80	4.40	43.20	0.00	0.27	0.00	0.27
Village of Valley View	19.00	2.00	17.80	7.10	45.90	0.00	0.27	0.00	0.27
1992									
Village of Brooklyn Hts.	18.00	2.00	17.80	4.40	42.20	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	18.00	2.00	17.80	4.40	42.20	0.00	0.27	0.00	0.27
Village of Valley View	18.00	2.00	17.80	7.10	44.90	0.00	0.27	0.00	0.27
1991									
Village of Brooklyn Hts.	17.50	2.00	17.80	4.40	41.70	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	17.50	2.00	17.80	4.40	41.70	0.00	0.27	0.00	0.27
Village of Valley View	17.50	2.00	17.80	7.10	44.40	0.00	0.27	0.00	0.27
1990									
Village of Brooklyn Hts.	17.50	2.10	16.30	4.40	40.30	0.00	0.27	0.00	0.27
Village of Cuyahoga Hts.	17.50	2.10	16.30	4.40	40.30	0.00	0.27	0.00	0.27
Village of Valley View	17.50	2.10	16.30	6.40	42.30	0.00	0.27	0.00	0.27

Source: Cuyahoga County Auditor. The data is presented on a calendar year basis because the tax levy year and the tax collection year are on a calendar year basis.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO
 ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

Year	Net General Obligation Bonded Debt (1)	Assessed Value	Population (2)	Ratio of Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt Per Capita
1999	\$4,697,198	\$496,660,513	4,212	0.95%	\$1,115
1998	5,091,823	482,696,815	4,281	1.05%	1,189
1997	5,433,661	446,032,289	4,337	1.22%	1,253
1996	4,359,761	438,782,748	4,333	0.99%	1,006
1995	4,560,321	440,851,282	4,381	1.03%	1,041
1994	4,721,722	419,536,436	4,382	1.13%	1,078
1993	4,832,226	427,139,240	4,365	1.13%	1,107
1992	0	436,833,753	4,269	0.00%	0
1991	0	408,651,084	4,269	0.00%	0
1990	0	398,904,376	4,280	0.00%	0

Source: Cuyahoga County Auditor and School District Financial Records

(1) In the past ten fiscal years, there has been no general obligation bonded debt applicable to the Enterprise funds.

(2) Estimated by the Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 1999

	<u>Total Voted Debt Limit (1)</u>	<u>Total Unvoted Debt Limit (2)</u>
Assessed Valuation Collection Year 1999	\$496,660,513	\$496,660,513
Debt Limitation	44,699,446	496,661
Total Outstanding Debt:		
Construction Bonds	3,985,000	3,985,000
Energy Conservation Loan	<u>1,046,187</u>	<u>1,046,187</u>
Total Outstanding Debt	<u>5,031,187</u>	<u>5,031,187</u>
Exemptions:		
Construction Bonds		(3,985,000)
Energy Conservation Loan	<u>(1,046,187)</u>	<u>(1,046,187)</u>
Total Exemptions	<u>(1,046,187)</u>	<u>(5,031,187)</u>
Less: Amount available in Debt Service fund	<u>(333,989)</u>	<u>0</u>
Net Debt Subject to Limitation	3,651,011	0
Total Legal Debt Margin (Debt Limitation Minus Net Debt Subject to Limitation)	<u>\$41,048,435</u>	<u>\$496,661</u>

Source: School District Financial Records

- (1) The legal voted debt margin for school districts in Ohio is 9% of the assessed valuation.
- (2) The legal unvoted debt margin for school districts in Ohio is 1/10 of 1% of the assessed valuation.
The District has no unvoted debt subject to the legal debt margin.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT

DECEMBER 31, 1998

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to the School District (1)	Amount Applicable to the School District
Cuyahoga Heights Local School District	\$5,031,187	100.00%	\$5,031,187
Brooklyn Heights Village	1,305,000	19.60%	\$255,780
Valley View Village	6,032,000	31.20%	1,881,984
RTA (2)	102,945,000	4.06%	4,179,567
Cuyahoga County	154,064,636	4.06%	6,255,024
Total Applicable to the School District			<u>\$17,603,542</u>

Source: Cuyahoga County Auditor. Cuyahoga Heights Village has no general obligation debt outstanding.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the District by the total assessed valuation of the political subdivision. The valuations used were for the 1998 tax collection year.

(2) Regional Transit Authority of Cuyahoga County

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT

TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN FISCAL YEARS

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Debt Service Expenditures As a Percent of General Fund Expenditures</u>
1999	\$306,642	\$299,818	\$606,460	\$10,430,342	5.81%
1998	295,685	313,079	608,764	9,152,196	6.65%
1997	306,486	298,933	605,419	8,367,190	7.24%
1996	165,000	259,500	424,500	9,477,948	4.48%
1995	160,000	264,543	424,543	8,921,926	4.76%
1994	155,000	336,600	491,600	8,386,341	5.86%
1993	0	0	0	9,089,757	N/A
1992	0	0	0	8,325,731	N/A
1991	0	0	0	7,513,830	N/A
1990	0	0	0	6,552,546	N/A

Source: School District Financial Records

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

DEMOGRAPHIC STATISTICS

LAST TEN CALENDAR YEARS

Year	Population (1)			Value of New Building Permits (3)				Median Income (2)	
	Cuyahoga County	Village of Brooklyn Heights	Village of Cuyahoga Heights	Village of Brooklyn Heights	Village of Cuyahoga Heights	Village of Valley View	District	State	
1998	1,380,696	1,445	626	\$3,432,178	\$10,271,000	\$16,834,200	\$31,097	\$27,310	
1997	1,399,272	1,482	648	3,294,184	19,133,290	7,993,733	27,061	24,431	
1996	1,399,272	1,482	648	5,832,330	6,550,200	9,305,722	27,061	24,588	
1995	1,413,348	1,459	667	6,888,674	4,324,600	5,666,539	24,373	23,478	
1994	1,413,348	1,459	667	2,733,776	2,098,987	3,283,272	24,905	23,361	
1993	1,415,825	1,447	680	4,135,919	5,642,065	5,783,044	N/A	N/A	
1992	1,415,825	1,447	680	932,350	14,035,791	12,955,000	N/A	N/A	
1991	1,412,140	1,450	682	1,367,520	3,444,253	8,401,000	N/A	N/A	
1990	1,412,140	1,450	682	1,688,775	3,500,000	6,400,000	39,148	N/A	
1989	1,498,400	1,450	693	2,536,489	2,500,000	15,225,000	N/A	N/A	

Source: Villages of Brooklyn Heights, Cuyahoga Heights, and Valley View and Ohio Department of Development, Office of Strategic Research

(1) 1990 is actual, per U.S. Census Bureau, all other years are estimated

(2) Department of Taxation, State of Ohio

(3) Years 1989 and 1990 are estimated for the Village of Cuyahoga Heights

TABLE 11

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

PROPERTY VALUE, COUNTY UNEMPLOYMENT RATE, AND FINANCIAL INSTITUTION DEPOSITS
LAST TEN CALENDAR YEARS

<u>YEAR (1)</u>	<u>Estimated Actual Property Value (Real Property Only)</u>	<u>Unemployment Rate Cuyahoga County</u>	<u>Financial Institution Deposits</u>
1998	\$229,178,180	4.1	\$58,904,596
1997	226,379,010	4.1	53,941,971
1996	210,189,470	4.7	27,068,211
1995	209,494,960	4.9	22,694,304
1994	207,442,570	5.3	21,101,872
1993	198,646,150	7.6	21,998,821
1992	196,351,470	6.3	19,379,203
1991	191,094,390	5.2	18,392,143
1990	168,006,670	5.8	19,188,641
1989	159,188,830	4.8	18,850,225

Source: Cuyahoga County Auditor; Federal Reserve Bank of Cleveland; Ohio Department of Development.

(1) The data is presented on a calendar tax levy year basis in order to correspond to the County's fiscal year.

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
PRINCIPAL TAXPAYERS

DECEMBER 31, 1998

Taxpayer	Nature of Business	Assessed Valuation (1)		Combined Tangible and Real Assessed Valuation	Assessed Valuation As a Percent of Total Assessed Valuation
		Real Estate	Tangible Property		
Cleveland Electric Illuminating	Electric utility	\$41,008,150		\$41,008,150	8.26%
LTV Steel Company, Inc.	Steel production	13,085,950	\$21,600,660	34,686,610	6.98%
Aluminum Company of America	Aluminum and titanium forgings	4,914,700	29,275,670	34,190,370	6.88%
American Steel and Wire	Rods and steel wire		28,553,100	28,553,100	5.75%
Gibraiter Strip Steel, Inc.	Steel production	8,530,760	5,448,980	13,979,740	2.81%
North America Mfg. Company	Combustion boilers	2,234,080	5,086,230	7,320,310	1.47%
U.S. West Financial Services	Financial services		6,080,700	6,080,700	1.22%
MRN Investments LTD	Financial services	4,546,330		4,546,330	0.92%
Columbia National Group, Inc.	Steel production		3,811,040	3,811,040	0.77%
Ohio Bell Telephone	Telephone utility	3,594,000		3,594,000	0.72%
Permuter Printing Company	Sheet-fed commercial printers		3,583,950	3,583,950	0.72%
Park Ohio Industries	Machine crankshafts and camshafts		2,714,100	2,714,100	0.55%
East Ohio Gas Company	Natural gas utility	2,485,810		2,485,810	0.50%
Boyas Excavating, Inc.	Excavating contractors	2,382,080		2,382,080	0.48%
NVM LTD	Manufacturing	2,275,700		2,275,700	0.46%
Total, principal taxpayers' Assessed valuation		\$85,057,560	\$106,154,430	\$191,211,990	38.50%
Total assessed valuation of The School District		\$229,178,180	\$267,482,333	\$496,660,513	

Source: Cuyahoga County Auditor

(1) Assessed values are for 1998

TABLE 13

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
ENROLLMENT STATISTICS
LAST TEN FISCAL YEARS

YEAR	General Fund Expenditures	Average Daily Membership	Per Pupil Cost
1999	\$10,430,342	840	\$12,417
1998	9,152,196	835	10,961
1997	8,367,190	836	10,009
1996	9,477,948	833	11,378
1995	8,921,926	836	10,672
1994	8,386,341	802	10,457
1993	9,089,757	792	11,477
1992	8,325,731	790	10,539
1991	7,513,830	808	9,299
1990	6,552,546	804	8,150

Source: School District Financial Records

TABLE 14

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

TEACHER EDUCATION AND EXPERIENCE

JUNE 30, 1999

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total Teachers</u>
Bachelor's Degree	11	18.64%
Bachelor's Degree plus 18 hours	14	23.73%
Bachelor's Degree plus 30 hours	1	1.69%
Master's Degree	19	32.20%
Master's Degree plus 18 hours	13	22.03%
Ed.D.	1	1.71%
Total number of teachers	<u>59</u>	<u>100.00%</u>

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total Teachers</u>
0 to 5	15	25.42%
6 to 10	4	6.78%
11 to 20	15	25.42%
21 and over	25	42.38%
Total number of teachers	<u>59</u>	<u>100.00%</u>

Source: School District Personnel Records

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

AVERAGE ACT SCORES

LAST TEN FISCAL YEARS

School Year	School District English	School District Reading	School District Math	School District Science	School District Composite	School District Number Tested	Average of the State of Ohio	National Average
1998-99	21.0	24.5	24.3	24.3	24.2	45	21.4	21.0
1997-98	21.0	22.5	22.2	21.9	22.1	58	21.4	21.0
1996-97	21.0	20.9	20.8	21.1	20.7	64	21.3	21.0
1995-96	20.9	21.6	22.6	21.7	21.8	50	21.3	20.9
1994-95	20.8	22.0	21.5	N/A	21.8	59	21.2	20.8
1993-94	20.8	21.9	22.4	N/A	22.1	22	21.2	20.8
1992-93	20.7	22.9	21.3	N/A	20.9	35	21.0	20.7
1991-92	20.6	21.7	20.7	N/A	21.3	42	20.9	20.6
1990-91	N/A	N/A	N/A	N/A	21.4	62	N/A	20.6
1989-90	N/A	N/A	N/A	N/A	21.5	69	N/A	20.6

Source: American College Testing Program and School District Records

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CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 1999

James G. Zupka, Inc.
Certified Public Accountant

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 1999

CUYAHOGA HEIGHTS LOCAL SCHOOL DISTRICT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 1999

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JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Heights, Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475-6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of Board of Education,
Superintendent, and Treasurer
Cuyahoga Heights Local School District, Ohio

We have audited the accompanying general-purpose financial statements of the Cuyahoga Heights Local School District, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 29, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Cuyahoga Heights Local School District, Ohio'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.

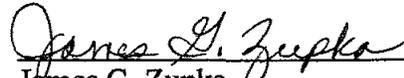
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Cuyahoga Heights Local School District, Ohio, in a separate letter dated November 29, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cuyahoga Heights Local School District, Ohio'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 a few instances involving the internal control over financial reporting which we have reported to the management of the Cuyahoga Heights Local School District in a separate letter dated November 29, 1999.

This report is intended for the information of the audit committee, members of the Board of Education, the Superintendent, management, others within the Organization, 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.


James G. Zupka
Certified Public Accountant

November 29, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
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CUYAHOGA HEIGHTS LOCAL 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.

By: Susan Babbitt

Date: JAN 25 2000