

**SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

**SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Sheffield-Sheffield Lake City School District
Lorain County
1824 Harris Road
Sheffield, Ohio 44054

To The Board of Education:

We have audited the accompanying general-purpose financial statements of the Sheffield-Sheffield Lake City School District, Lorain County, Ohio, (the District) 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 District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Sheffield-Sheffield Lake City School District, Lorain County, Ohio as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and non-expendable 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 December 3, 1999, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a circular stamp or seal.

JIM PETRO
Auditor of State

December 3, 1999

Sheffield-Sheffield Lake City School District

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 1999

(With Comparative Totals at June 30, 1998)

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets				
Cash and Cash Equivalents	\$296,943	\$604,457	\$0	\$249,428
Restricted Cash	114,270	0	0	0
Receivables:				
Taxes	5,610,726	2,168,225	0	0
Accounts	3,773	0	0	0
Intergovernmental Receivable	85,309	0	0	0
Inventory	61,938	0	0	0
Fixed Assets (Net of Accumulated Depreciation in Enterprise Funds)	0	0	0	0
Other Debits:				
Amount To Be Provided for Benefits	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
Total Assets	<u>\$6,172,959</u>	<u>\$2,772,682</u>	<u>\$0</u>	<u>\$249,428</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts and Contracts Payable	\$36,019	\$44,423	\$0	\$0
Accrued Wages and Benefits	1,319,668	175,132	0	0
Deferred Revenue	5,025,028	1,839,750	0	0
Intergovernmental Payable	0	0	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Notes Payable	0	920,000	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	<u>6,380,715</u>	<u>2,979,305</u>	<u>0</u>	<u>0</u>
Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Unreserved Retained Earnings	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	0	32,199	0	198,414
Reserved for Inventory	61,938	0	0	0
Reserved for Property Tax Advance	664,858	328,475	0	0
Reserved for Budget Stabilization	114,270	0	0	0
Unreserved, Undesignated	(1,048,822)	(567,297)	0	51,014
Total Fund Equity	<u>(207,756)</u>	<u>(206,623)</u>	<u>0</u>	<u>249,428</u>
Total Liabilities, Equity and Other Credits	<u>\$6,172,959</u>	<u>\$2,772,682</u>	<u>\$0</u>	<u>\$249,428</u>

See Notes to General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
		Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt
\$48,358	\$61,764	\$0	\$0	\$1,260,950	\$1,273,362
0	0	0	0	114,270	114,270
0	0	0	0	7,778,951	7,421,279
2,294	702	0	0	6,769	1,370
15,066	0	0	0	100,375	68,482
7,801	0	0	0	69,739	70,514
9,028	0	9,475,654	0	9,484,682	9,224,777
0	0	0	1,492,061	1,492,061	1,505,996
0	0	0	847,410	847,410	121,166
\$82,547	\$62,466	\$9,475,654	\$2,339,471	\$21,155,207	\$19,801,216
\$0	\$0	\$0	\$0	\$80,442	\$92,462
49,925	0	0	1,492,061	3,036,786	2,935,860
3,155	0	0	0	6,867,933	6,268,837
0	0	0	0	0	31,934
0	49,447	0	0	49,447	48,181
0	9,589	0	0	9,589	9,863
0	0	0	751,414	1,671,414	1,490,000
0	0	0	95,996	95,996	121,166
53,080	59,036	0	2,339,471	11,811,607	10,998,303
0	0	9,475,654	0	9,475,654	9,217,892
29,467	0	0	0	29,467	24,035
0	0	0	0	230,613	173,718
0	0	0	0	61,938	60,851
0	0	0	0	993,333	1,206,618
0	0	0	0	114,270	114,270
0	3,430	0	0	(1,561,675)	(1,994,471)
29,467	3,430	9,475,654	0	9,343,600	8,802,913
\$82,547	\$62,466	\$9,475,654	\$2,339,471	\$21,155,207	\$19,801,216

Sheffield-Sheffield Lake City School District
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
(With Comparative Totals at June 30, 1998)

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues				
Taxes	\$5,327,237	\$2,087,455	\$0	\$0
Tuition	30,495	0	0	0
Earnings on Investments	114,679	2,207	0	0
Extracurricular Activities	0	94,718	0	0
Classroom Materials and Fees	115	0	0	0
Intergovernmental	5,144,192	699,630	0	43,119
Other	19,786	22,037	0	0
Total Revenues	10,636,504	2,906,047	0	43,119
Expenditures				
Current:				
Regular and Special Instruction	5,841,937	1,455,168	0	0
Vocational and Other Instruction	598,204	44,282	0	0
Support Services:				
Pupil Services	825,992	85,364	0	0
Instructional Staff	112,089	96,049	0	6,490
Administration	1,008,817	98,928	0	0
Business and Fiscal Services	394,336	63,280	0	0
Plant Operation and Maintenance	743,047	689,314	0	597,000
Pupil Transportation	591,899	129,817	0	0
Central	68,961	64,579	0	0
Food Services	0	450	0	0
Community Services	0	52,141	0	0
Extracurricular	289,102	70,610	0	0
Capital Outlay	550	0	0	0
Debt Service:				
Principal	0	0	44,000	0
Interest and Fiscal Charges	2,338	51,750	25,683	0
Total Expenditures	10,477,272	2,902,332	69,683	603,490
Excess Revenues Over				
(Under) Expenditures	159,232	3,715	(69,683)	(560,371)
Other Financing Sources (Uses)				
Sale of Assets	9,800	0	0	0
Sale of Notes	0	0	0	795,414
Operating Transfers In	0	523,314	69,683	0
Operating Transfers Out	(621,433)	(31,564)	0	0
Inception of Capital Lease	0	0	0	0
Refund of Prior Year's Receipts	0	(1,701)	0	0
Total Other Financing Sources (Uses)	(611,633)	490,049	69,683	795,414
Excess of Revenues and Other				
Financing Sources Over (Under)				
Expenditures and Other Financing Uses	(452,401)	493,764	0	235,043
Fund Balances at Beginning of Year	243,558	(700,387)	0	14,385
Increase (Decrease) in Reserve for Inventory	1,087	0	0	0
Fund Balances at End of Year	(\$207,756)	(\$206,623)	\$0	\$249,428

See Notes to General Purpose Financial Statements

Fiduciary Fund Types	Totals	
	(Memorandum Only)	
	1999	1998
Expendable Trust		
\$0	\$7,414,692	\$7,886,971
0	30,495	73,188
0	116,886	120,626
0	94,718	122,694
0	115	825
0	5,886,941	6,153,943
0	41,823	43,921
0	13,585,670	14,402,168
0	7,297,105	6,922,163
0	642,486	688,880
0	911,356	781,561
0	214,628	491,678
0	1,107,745	1,071,739
0	457,616	423,309
0	2,029,961	1,229,275
0	721,716	549,170
0	133,540	142,621
0	450	2,309
0	52,141	79,364
0	359,712	328,900
0	550	3,525
0	44,000	0
0	79,771	79,463
0	14,052,777	12,793,957
0	(467,107)	1,608,211
0	9,800	0
0	795,414	0
0	592,997	118,856
0	(652,997)	(163,980)
0	0	135,681
0	(1,701)	(6,287)
0	743,513	84,270
0	276,406	1,692,481
3,326	(439,118)	(2,129,442)
0	1,087	(2,157)
\$3,326	(\$161,625)	(\$439,118)

Sheffield-Sheffield Lake City School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)
 All Governmental Fund Types
General Fund
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
Revenues					
Taxes	\$5,471,307	\$5,471,307		\$5,471,307	\$0
Tuition	39,727	39,727		39,727	0
Earnings on Investments	114,679	114,679		114,679	0
Intergovernmental	5,146,342	5,146,342		5,146,342	0
Classroom Materials and Fees	115	115		115	0
Other	13,164	13,164		13,164	0
Total Revenues	10,785,334	10,785,334		10,785,334	0
Expenditures					
Current:					
Regular Instruction	4,780,826	4,777,452	\$3,374	4,780,826	0
Special Instruction	1,009,722	1,009,722	0	1,009,722	0
Vocational and Other Instruction	595,448	595,448	0	595,448	0
Supporting Services:					
Pupil Services	801,677	792,572	9,105	801,677	0
Instructional Staff	115,924	114,717	1,207	115,924	0
Administration	1,005,140	1,002,010	3,130	1,005,140	0
Business and Fiscal Services	389,984	389,902	82	389,984	0
Plant Operation and Maintenance	750,201	742,637	7,564	750,201	0
Pupil Transportation	598,508	598,336	172	598,508	0
Central	60,262	60,133	129	60,262	0
Extracurricular	283,696	283,696	0	283,696	0
Total Expenditures	10,391,388	10,366,625	24,763	10,391,388	0
Excess of Revenues Over (Under) Expenditures	393,946	418,709	(24,763)	393,946	0
Other Financing Sources (Uses)					
Sale of Assets	9,800	9,800	0	9,800	0
Operating Transfers Out	(740,734)	(740,734)	0	(740,734)	0
Total Other Financing Sources (Uses)	(730,934)	(730,934)	0	(730,934)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(336,988)	(312,225)	(\$24,763)	(\$336,988)	\$0
Fund Balances at Beginning of Year	723,438	723,438			
Fund Balances at End of Year	\$386,450	\$411,213			

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)
 All Governmental Fund Types - continued
Special Revenue Funds
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
Revenues					
Taxes	\$2,156,670	\$2,156,670		\$2,156,670	\$0
Earnings on Investments	2,207	2,207		2,207	0
Intergovernmental	703,156	703,156		703,156	0
Extracurricular	94,718	94,718		94,718	0
Other	22,037	22,037		22,037	0
Total Revenues	2,978,788	2,978,788		2,978,788	0
Expenditures					
Current:					
Regular Instruction	1,103,275	1,103,275	\$0	1,103,275	0
Special Instruction	375,402	355,648	19,754	375,402	0
Vocational and Other Instruction	21,608	21,608	0	21,608	0
Supporting Services:					
Pupil Services	85,621	85,578	43	85,621	0
Instructional Staff	87,123	83,823	3,300	87,123	0
Administration	102,568	102,568	0	102,568	0
Business and Fiscal Services	61,487	61,487	0	61,487	0
Plant Operation and Maintenance	717,823	713,415	4,408	717,823	0
Pupil Transportation	132,984	131,334	1,650	132,984	0
Central	64,421	64,421	0	64,421	0
Food Services	450	450	0	450	0
Community Services	88,877	56,677	32,200	88,877	0
Extracurricular	70,610	70,610	0	70,610	0
Total Expenditures	2,912,249	2,850,894	61,355	2,912,249	0
Excess of Revenues Over (Under) Expenditures	66,539	127,894	(61,355)	66,539	0
Other Financing Sources (Uses)					
Operating Transfers In	11,564	11,564	0	11,564	0
Operating Transfers Out	(31,564)	(31,564)	0	(31,564)	0
Refund of Prior Year's Receipts	(1,701)	(1,701)	0	(1,701)	0
Total Other Financing Sources (Uses)	(21,701)	(21,701)	0	(21,701)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	44,838	106,193	(\$61,355)	\$44,838	\$0
Fund Balances at Beginning of Year	498,264	498,264			
Fund Balances at End of Year	\$543,102	\$604,457			

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)
 All Governmental Fund Types - continued
Debt Service Fund
 For the Fiscal Year Ended June 30, 1999

	Revised Budget	Actual	Encumbrances	Actual Plus Encumbrances	Variance
Expenditures					
Debt Service:					
Principal	\$614,000	\$614,000	\$0	\$614,000	\$0
Interest	79,771	79,771	0	79,771	0
Total Expenditures	693,771	693,771	0	693,771	0
Excess of Revenues Over (Under) Expenditures	(693,771)	(693,771)	0	(693,771)	0
Other Financing Sources (Uses)					
Operating Transfers In	693,771	693,771	0	693,771	0
Total Other Financing Sources (Uses)	693,771	693,771	0	693,771	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	\$0	\$0	\$0
Fund Balances at Beginning of Year	0	0			
Fund Balances at End of Year	\$0	\$0			

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)
 All Governmental Fund Types - continued
Capital Projects Funds
 For the Fiscal Year Ended June 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance</u>
Revenues					
Intergovernmental	\$43,119	\$43,119		\$43,119	\$0
Total Revenues	43,119	43,119		43,119	0
Expenditures					
Current:					
Supporting Services:					
Instructional Staff	44,950	44,950	\$0	44,950	0
Plant Operation and Maintenance	795,414	597,000	198,414	795,414	0
Total Expenditures	840,364	641,950	198,414	840,364	0
Excess of Revenues Over (Under) Expenditures	(797,245)	(598,831)	(198,414)	(797,245)	0
Other Financing Sources (Uses)					
Sale of Notes	795,414	795,414	0	795,414	0
Total Other Financing Sources (Uses)	795,414	795,414	0	795,414	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,831)	196,583	(\$198,414)	(\$1,831)	\$0
Fund Balances at Beginning of Year	52,845	52,845			
Fund Balances at End of Year	\$51,014	\$249,428			

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District
 Combined Statement of Revenues, Expenses
 and Changes in Retained Earnings
Proprietary Fund Type and Non-Expendable Trust Fund
 For the Fiscal Year Ended June 30, 1999
 (With Comparative Totals at June 30, 1998)

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>	
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>1999</u>	<u>1998</u>
Operating Revenues				
Food Services	\$206,771	\$0	\$206,771	\$194,746
Classroom Materials and Fees	55,854	0	55,854	57,307
Extracurricular Activities	1,754	0	1,754	3,835
Total Operating Revenues	264,379	0	264,379	255,888
Operating Expenses				
Salaries and Wages	186,150	0	186,150	167,828
Employees' Retirement and Insurance	76,753	0	76,753	59,114
Purchased Services	5,761	0	5,761	5,417
Supplies and Materials	174,967	0	174,967	178,269
Other	794	0	794	1,225
Depreciation	5,244	0	5,244	5,244
Total Operating Expenses	449,669	0	449,669	417,097
Operating Income (Loss)	(185,290)	0	(185,290)	(161,209)
Non-Operating Revenues				
Intergovernmental	130,305	0	130,305	126,934
Earnings on Investments	417	0	417	0
Total Non-Operating Revenues	130,722	0	130,722	126,934
Net Income (Loss) Before Operating Transfers	(54,568)	0	(54,568)	(34,275)
Operating Transfers				
Operating Transfers In	60,000	0	60,000	45,124
Net Income	5,432	0	5,432	10,849
Add depreciation on fixed assets transferred in from other funds that reduces contributed capital	0	0	0	5,124
Net Increase In Retained Earnings/Fund Balance	5,432	0	5,432	15,973
Retained Earnings/Fund Balance at Beginning of Year	24,035	104	24,139	8,166
Retained Earnings/Fund Balance at End of Year	\$29,467	\$104	\$29,571	\$24,139

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District
 Combined Statement of Cash Flows
Proprietary Fund Type and Non-Expendable Trust Fund
 For the Year Ended June 30, 1999
 (With Comparative Totals at June 30, 1998)

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u>	
	<u>Enterprise</u>	<u>Non-Expendable</u> <u>Trust</u>	<u>1999</u>	<u>1998</u>
Cash Flows From Operating Activities				
Operating Income (Loss)	(\$185,290)	\$0	(\$185,290)	(\$161,672)
Adjustments To Reconcile Net Income (Loss) To Net Cash Provided By (Used In) Operating Activities:				
Depreciation	5,244.	0	5,244	0
(Increase) Decrease In Assets:				
Accounts Receivable	(924)	0	(924)	285
Intergovernmental Receivable	(15,066)	0	(15,066)	756
Inventories	1,862	0	1,862	3,441
Increase (Decrease) In Liabilities:				
Accrued Wages and Benefits Payable	12,333	0	12,333	(14,874)
Deferred Revenue	(747)	0	(747)	3,902
Total Adjustments	<u>2,702</u>	<u>0</u>	<u>2,702</u>	<u>(6,490)</u>
Net Cash Provided By (Used In) Operating Activities	(182,588)	0	(182,588)	(168,162)
Cash Flows From Non-Capital Financing Activities				
Intergovernmental	130,305	0	130,305	126,934
Operating Transfers In	60,000	0	60,000	45,124
Cash Flows From Capital and Related Financing Activities				
Purchase of Fixed Assets	(7,387)	0	(7,387)	0
Cash Flows From Investing Activities				
Earnings on Investments	417	0	417	0
Net Increase in Cash and Cash Equivalents	747	0	747	3,896
Cash And Cash Equivalents, Beginning Of Year	<u>47,611</u>	<u>104</u>	<u>47,715</u>	<u>43,819</u>
Cash And Cash Equivalents, End Of Year	<u>\$48,358</u>	<u>\$104</u>	<u>\$48,462</u>	<u>\$47,715</u>

See Notes to General Purpose Financial Statements

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies

Reporting Entity: Sheffield-Sheffield Lake City School District is a school district corporation governed by an elected Board of Education. As required by generally accepted accounting principles, these financial statements present all funds and account groups of the primary government. The primary government consists of all funds, departments, boards, organizations, and agencies that are not legally separate for financial reporting purposes.

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. Based on the foregoing criteria, the District has no component units.

Measurement Focus, Basis of Accounting and Basis of Presentation: The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 30 days after year end.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies - continued

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, if any, which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property tax revenues, grant revenues and interest revenues are susceptible to accrual.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

The general fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The debt service fund accounts for the servicing of general long-term debt not being financed by proprietary or non-expendable trust funds.

The capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or non-expendable trust funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements.

Proprietary funds include the following fund type:

The enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies - continued

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

The non-expendable trust fund is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Non-expendable trust funds account for assets of which the principal may not be spent.

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

Account groups. The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

Assets, Liabilities and Equity

Deposits and Investments: The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investment procedures are restricted by provisions of the Ohio Revised Code.

Purchased investments are valued at cost and do not effect fund equity when purchased or redeemed.

Receivables and Payables: Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against real, public utility, and tangible personal property located in the District.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies - continued

Restricted Assets: Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State. During fiscal year 1998, the District received a \$114,270 refund from the Bureau of Workers' Compensation which State statute required to be in this reserve. A fund balance reserve has also been established.

Inventories: Inventories are valued at cost or market using the first in/first out method. The costs of governmental fund type inventory are recorded as expenditures when purchased. Governmental fund-type inventories, on hand at year-end, are offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of assets.

Proprietary fund type inventory costs are charged to operations when consumed. Inventories of proprietary funds consist of donated food, purchased food and school supplies held for resale. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Fixed Assets: Fixed assets used in governmental fund types are recorded in the general fixed assets account group at cost or estimated historical cost when purchased or constructed. Assets in the general fixed assets account group are not depreciated. Proprietary fund assets are depreciated using the straight-line method over various estimated useful lives.

Donated fixed assets are recorded at fair market value as of the date donated. The District maintains a capitalization threshold of \$500 with the exception of student furniture and fixtures which are *capitalized without consideration to threshold.*

Text and library books and computer software are recorded as an adjustment to historical cost for value of disposal at time of acquisition.

Infrastructure, such as driveways, parking lots, landscaping, and other assets that are immovable and of value only to the District are not capitalized.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not included in the general fixed assets account group.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies – continued

Accrued Liabilities and Long-term Obligations: The District reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term account group. The tax and revenue anticipation notes are fund liabilities of the fund receiving the proceeds.

Compensated Absences: Employees earn vacation in accordance with the following:

Administrators	Up to twenty-five days per year
Certificated	Ineligible for vacation
Non-Certificated	Ten to twenty-five days per year Depending on years of service

Accumulated unpaid vacation is limited to the amount earned during one year.

Employees earn sick leave at the rate of one and one-quarter days per month and unlimited sick leave may be accumulated.

Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason. Certificated employees with ten or more years of service are paid one-fourth of their accumulated sick leave up to a maximum of seventy days upon termination of employment. Non-certificated employees are paid one-fourth of their accumulated sick leave up to a maximum of seventy days only upon retirement.

Compensated absences are absences for which employees will be paid, such as vacation or sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the general long-term debt account group.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies – continued

In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Fund Balance Reserves: The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, property taxes and budget stabilization. Under Ohio law, the reserve for budget stabilization must be established for certain revenues but is not expendable without permission of the Ohio Department of Education.

	Textbook and Instructional Material Reserve	Capital Improvement and Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7/1/98	\$ 0	\$ 0	\$ 114,270	\$ 114,270
Required Set-Aside	225,051	225,051	0	450,102
Offset Credits	(29,827)	(597,000)	0	(626,827)
Qualifying Expenditures	(206,319)	(1,398,270)	0	(1,604,589)
Portion of Offset Credits and Qualifying Expendi- tures Not Permitted to be Carried Forward	<u>11,095</u>	<u>1,770,219</u>	<u>0</u>	<u>1,781,314</u>
Balance 6/30/99	\$ <u>0</u>	\$ <u>0</u>	\$ <u>114,270</u>	\$ <u>114,270</u>

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

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 1: Summary of Significant Accounting Policies – continued

Memorandum Only - Total Columns: Total columns on the Notes to General Purpose Financial Statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund elimination's have not been made in the aggregation of this data.

Note 2: Stewardship, Compliance and Accountability

The Board of Education is required, by Ohio Revised Code, to adopt an annual budget for all funds, except agency funds.

Budget: A budget of estimated cash receipts and disbursements is adopted by January 15 and submitted to the county auditor, as secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 Fiscal Year.

Estimated Resources: The County Budget Commission certifies its actions to the District. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to fiscal year end, the District must revise its budget so that the total contemplated expenditures from a fund during the year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types", do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported in the budgetary statements reflect the final budget figures.

Appropriations: Appropriations may be defined as expenditure authorization and are synonymous with budget within the Budget and Actual presentations. A temporary appropriation measure to control the cash disbursements may be passed prior to passage of the annual appropriation measure. An annual appropriation measure must be passed for the current fiscal year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 2: Stewardship, Compliance and Accountability - continued

Several amendments and supplements were enacted during the fiscal year. The amounts reported in the budgetary statements reflect final amended appropriations. Appropriations may not exceed estimated resources and expenditures plus encumbrances may not exceed appropriations at the object level.

Encumbrances: The District is required to use, by Ohio law, the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. Encumbrances at year-end have been presented as reserves of fund balances.

Budgetary Basis of Accounting: The District's budgetary process is based upon accounting for transactions on the budget basis. The difference between budget basis and the accrual and modified accrual (GAAP) basis are that revenues are recorded when received in budget as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid or encumbered (budget) as opposed to when incurred (GAAP). Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$ (452,401)	\$ 493,764	\$ 235,043
Basis Difference:			
Net Adjustments for Revenue Accruals	148,830	(439,009)	0
Net Adjustments For Expenditure Accruals	(8,654)	51,438	(38,460)
Net Adjustments for Encumbrances	(24,763)	(61,355)	(198,414)
Budget Basis	\$ <u>(336,988)</u>	\$ <u>44,838</u>	\$ <u>(1,831)</u>

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 2: Stewardship, Compliance and Accountability - continued

Deficit Fund Equity

The recognition of accrued liabilities resulted in June 30, 1999 deficit fund balances. Management is analyzing fund operations to determine appropriate action to alleviate deficits. The following funds had deficit fund balances:

General Fund	\$ 207,756
Special Revenue Funds	
Emergency Levy	\$ 304,330
Title VI-B	\$ 7,648
Title 1	\$ 1,875
Enterprise	
Food Services	\$ 4,912

Note 3: Cash and Investments

Cash and Cash Equivalents and Investments: The District maintains a cash and investment pool used by all funds. Each fund type's portion is displayed on the "Combined Balance Sheet - All Fund Types and Account Groups" as cash and cash equivalents.

Legal Requirements: Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of 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 treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that are 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.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 3: 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 or deposit accounts including passbook accounts.

Inactive monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or 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 issuance's of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The District may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 3: Cash and Investments - continued

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons.
3. Obligations of the District.

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.

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 monies deposited within the institution.

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.

Deposits: At year-end, the carrying amount of the District's deposits was \$111,022 and the bank balance was \$147,115. The bank balance of \$100,000, was covered by federal depository insurance. The remaining \$47,115 is secured by a collateral pool held at the Federal Reserve Bank in the name of the respective depository bank which pledges a pool of collateral against all public deposits it holds.

Investments: The District invests in STAR Ohio which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. The carrying value and market value of STAR Ohio investments is \$1,264,198.

Earnings on Investments: Interest revenue credited to the General Fund during 1999 amounted to \$114,679 which includes interest assigned from other District funds.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 4: Jointly Governed Organizations

A. Lake Erie Education Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating school districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County which serves as fiscal agent at 1885 Lake Avenue, Elyria, Ohio 44035. The District's fiscal 1999 contributions to LEECA were approximately \$15,107 for basic service charges.

B. Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of thirteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except for insurance.

The LERC's shared risk pool premiums are billed to each participating school district based on actuarially determined rates. Should contributions prove to be insufficient to pay program costs of the insurance program for any fiscal year, each participating member is notified of the deficiency and billed for its share of the additional cost.

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 1999, the District contributed approximately \$ 1,119,930 to LERC.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 4: Jointly Governed Organizations - continued

C. Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Lorain County Joint Vocational School District is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44035. The District did not make any contributions during fiscal 1999.

Note 5: Fixed Assets

A summary of changes in general fixed assets is as follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 1999</u>
Land	\$ 11,310	\$ -	\$ -	\$ 11,310
Building and improvements	4,184,082	-	-	4,184,082
Furniture, fixtures and equipment	2,581,318	157,731	103,934	2,635,115
Vehicles	1,056,804	186,879	26,560	1,217,123
Textbooks and library books	<u>1,384,378</u>	<u>43,646</u>	<u>-</u>	<u>1,428,024</u>
TOTAL	<u>\$ 9,217,892</u>	<u>\$ 388,256</u>	<u>\$ 130,494</u>	<u>\$ 9,475,654</u>

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 5: Fixed Assets - continued

A summary of enterprise fund fixed assets as of June 30, 1999 is as follows:

Furniture, fixtures and equipment	\$ 155,681
Less accumulated depreciation	(146,653)
Net Fixed Assets	\$ <u>9,028</u>

There was no significant construction in progress on June 30, 1999.

Note 6: Current Obligations

Notes: Tax anticipation notes were issued to provide operating revenues. These notes are obligations of the District for which portions of its future revenues are pledged for repayment. Since these notes are tax anticipation notes, they are recognized as a liability in the fund in which the proceeds were received. The notes bear interest at 4.5%.

Annual requirements to amortize current notes payable, as of June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$ 460,000	\$ 31,050	\$ 491,050
2001	<u>460,000</u>	<u>10,350</u>	<u>470,350</u>
Total	\$ <u>920,000</u>	\$ <u>41,400</u>	\$ <u>961,400</u>

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 7: Long-Term Obligations

Outstanding notes were issued to finance improvements for school buildings. These notes are general obligations of the District for which its full faith, credit, and resources are pledged for repayment. Accordingly, obligations resulting from this note indebtedness are represented within the general long-term debt account group.

Annual requirements to amortize long-term notes outstanding on June 30, 1999, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$ 65,414	\$ 35,212	\$ 100,626
2001	68,000	33,053	101,053
2002	72,000	29,497	101,497
2003	76,000	25,740	101,740
2004	80,000	21,777	101,777
2005 and Thereafter	<u>390,000</u>	<u>43,815</u>	<u>433,815</u>
Total	<u>\$ 751,414</u>	<u>\$ 189,094</u>	<u>\$ 940,508</u>

Changes in Long-Term Obligations: Changes in General Long-Term Obligations are as follows:

	Balance July 1, 1998	Additions	Reductions	Balance June 30, 1999
General Obligation Notes:				
Energy Conservation Notes, 5.15% and 4.85% interest rates	\$ 0	\$ 795,414	\$ 44,000	\$ 751,414
Capital Leases	121,166	0	25,170	95,996
Compensated Absences and Retirement	<u>1,269,679</u>	<u>222,382</u>	<u>0</u>	<u>1,492,061</u>
TOTAL	<u>\$ 1,390,845</u>	<u>\$ 1,017,796</u>	<u>\$ 69,170</u>	<u>\$ 2,339,471</u>

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 8: Leases

Capital Leases: The District entered into lease agreements to finance the acquisition of photocopiers and a networking system. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present values of the future minimum lease payments, as of the inception dates in the General Fixed Assets Account Group and the General Long-Term Account Group.

The future minimum lease obligations and the net present values of these minimum lease payments, as of June 30, 1999, were as follows:

Year Ending June 30,	General Long-term Debt
2000	\$ 39,492
2001	\$ 39,492
2002	\$ <u>28,877</u>
Total minimum lease payments	107,861
Less: Amount representing interest	<u>11,865</u>
Present value of minimum lease payments	\$ <u>95,996</u>

Note 9: Property Taxes

Property taxes include amounts levied annually, on all real and public utility property and business tangible personal property which is located within the District. The Lorain County Auditor is responsible for assessing and remitting these property taxes to the District. The Lorain County Treasurer is responsible for collecting property taxes.

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The County Auditor reappraises real property every six years, which was last completed for 1994. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semi-annually. The first payment is due January 20, and the remainder is payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 9: Property Taxes - continued

Tangible personal property taxes collected were based on assessed values that represent varying percentages of cost. Tangible personal property taxes are levied on January 1, which is the lien date, of the current year and are due by April 30. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent (88%) of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Since Lorain County assesses and levies property taxes on a calendar basis, the District receives property taxes from two (2) taxing years during the District's fiscal year.

The assessed values of real and tangible personal property, upon which property tax receipts for the Fiscal Year Ended June 30, 1999 were based, are as follows:

	Assessed Values <u>1998</u>	Assessed Values <u>1997</u>
Real Property:		
Residential/Agricultural	\$ 134,699,220	\$ 131,699,900
Commercial/Industrial	32,006,840	28,054,260
Public Utilities	1,382,780	1,269,220
Tangible Personal Property:		
General	40,579,464	36,259,415
Public Utilities	<u>10,001,220</u>	<u>9,910,370</u>
Total Assessed Valuation	\$ <u>218,669,524</u>	\$ <u>207,193,165</u>

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 10: Pension and Retirement Plans

State Teachers Retirement System

Plan Description The Sheffield-Sheffield Lake City School District contributes to the State Teachers Retirement Systems (STRS), a cost-sharing multiple-employer defined benefit pension plan. STRS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the STRS Board of Trustees. The State Teachers Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to State Teachers Retirement Systems, 275 East Broad Street, Columbus, Ohio 43215.

Funding Policy Plan members are required to contribute 9.3% of their annual covered salary and Sheffield-Sheffield Lake City School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and Sheffield-Sheffield Lake City School District are established and may be amended by the STRS Board of Trustees. The District's contributions to STRS for the years ending June 30, 1999, 1998, and 1997 were \$938,266, \$924,283, and \$859,080, respectively. The District paid the required contribution for fiscal years 1998 and 1997. An accrual for the unpaid contribution for the fiscal year 1999 has been reported as a liability within the respective funds and the general long-term debt account group.

School Employees Retirement System

Plan Description The Sheffield-Sheffield Lake City School District also contributes to the School Employees Retirement Plan (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the SERS Board of Trustees. The School Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to School Employees Retirement Systems, 45 North Fourth Street, Columbus, Ohio 43215.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 10: Pension and Retirement Plans - continued

Funding Policy Plan members are required to contribute 9.0% of their annual covered salary and Sheffield-Sheffield Lake City School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and Sheffield-Sheffield Lake City School District are established and may be amended by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 1999, 1998, and 1997 were \$272,040, \$241,813, and \$215,504, respectively. The District paid the required contribution for fiscal years 1998 and 1997. An accrual for the unpaid contribution for the fiscal year 1999 has been reported as a liability within the respective funds and the general long-term debt account group.

Note 11: Post Employment Benefits

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System, and to retired non-certified employees and their dependents through the School Employees Retirement System. Health care benefits under each system are financed on a pay-as-you-go basis.

State Teachers Retirement System (STRS)

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

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

The Board currently allocates employer contributions equal to 8% of covered payroll to health care reserve fund from which payments for health care benefits are paid. The balance in the health care reserve fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

June 30, 1998 is the latest date for which information is available.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 11: Post Employment Benefits - continued

School Employees Retirement System (SERS)

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

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate was 6.3%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay was established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million.

At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

The District's actual contributions for the 1999 fiscal year were \$135,035.

Note 12: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has a comprehensive property and casualty policy with the Travelers Aetna Insurance Company which includes boiler coverage. The deductible is \$1,000 per incident. All vehicles are insured with Nationwide Insurance Company and have a \$100 deductible. All Board Members, Administrators and employees are covered under a school district liability with OSBA/BASA Nationwide Insurance. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 aggregate.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 12: Risk Management - continued

The Board President and the Superintendent are covered with surety bonds for \$20,000. The Treasurer also is covered by a surety bond in the amount of \$100,000. These bonds are all with Nationwide Mutual Insurance Company.

Remaining employees who handle money are covered with a public employees blanket bond in the amount of \$5,000. This coverage is also provided by the American Employers Insurance Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year's.

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

The District provides life insurance and accidental death and disbursement insurance to its employees based on year of service.

The District contracts with the Lake Erie Regional Council organization (LERC) to provide employee medical/surgical, dental, and vision benefits. The LERC is a shared risk pool comprised of thirteen Lorain County school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flows. Upon termination, all District claims would be paid without regard to the District's account balance. The LERC Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. This plan provides a medical/surgical, dental, and vision plan with deductibles of \$50 for single and \$100 for family coverage.

Note 13: Segment Information for Enterprise Funds

The District maintains the following enterprise funds:

Food Service Fund: Established to account for the purchase and sale of food to students.

Uniform School Supplies Fund: Established to account for the purchase and sale of school supplies that are ultimately purchased by students.

Community Education Fund: Established for the purchases of services for programs for adults and children for recreational activity within the community.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 13: Segment Information for Enterprise Funds - continued

Segment information for enterprise funds is as follows:

	Food Services	Uniform School Supplies	Community Education	Total
Operating Revenues	\$ 206,771	\$ 55,854	\$ 1,754	\$ 264,379
Operating Expense	386,583	56,398	1,444	444,425
Depreciation Expense	5,244	-	-	5,244
Operating Income (Loss)	(185,056)	(544)	310	(185,290)
Intergovernmental	130,305	-	-	130,305
Earnings on Investments	417	-	-	417
Operating Transfers In	60,000	-	-	60,000
Net Income (Loss)	5,666	(544)	310	5,432
Net Working Capital	(13,940)	33,071	1,308	20,439
Total Assets	48,168	33,071	1,308	82,547
Total Equity	\$ (4,912)	\$ 33,071	\$ 1,308	\$ 29,467

Note 14: Contingencies

Grants

The District receives financial assistance from numerous federal and state agencies which is subjected to financial and compliance audits in accordance with the Single Audit Act Amendments of 1996. Such audits could lead to a request for reimbursement to the grantor agency for disallowed expenditures. Management believes that such disallowance's, if any, would not materially affect the District's financial position.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 14: Contingencies - continued

Other

The Environmental Protection Agency (EPA) has certified the District's sewage filtration system to be inadequate. The District estimates that \$154,000 from the general fund will be required to meet EPA standards. No provision has been made in these financial statements for this contingency.

State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school-funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the Fiscal Year Ended June 30, 1999, the District received \$4,614,377 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislature 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 February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of October 15, 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 operating under 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 on-going litigation will have on its future state funding under this program and on its financial operations.

Note 15: 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.

**Sheffield-Sheffield Lake
City School District
Notes to General Purpose Financial Statements
Fiscal Year Ended June 30, 1999**

Note 15: Year 2000 Issue - continued

The Sheffield-Sheffield Lake City School 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 and payroll. The District utilizes an external service organization for these systems. This organization is responsible for remediating these systems. Management has been advised that the external service organization has tested and validated the systems related the Sheffield-Sheffield Lake City School District's financial reporting and payroll as of June 30, 1999.

The State of Ohio distributes a portion of the District's operating monies in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through their Education Management and Information Systems (EMIS). The State is responsible for remediating these systems and is solely responsible for any associated costs.

Local property taxes also provide a portion of the District's operating monies. Tax collection for the District is handled by Lorain County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

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.

**SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

Schedule of Federal Awards Receipts and Expenditures
For the Year Ended June 30, 1999

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$30,318	\$0	\$31,065
National School Lunch Program	03-PU 98	10.555	2,657	0	2,657	0
National School Lunch Program	03-PU 99	10.555	15,332	0	15,332	0
National School Lunch Program	04-PU 98	10.555	9,773	0	9,773	0
National School Lunch Program	04-PU 99	10.555	68,868	0	68,868	0
TOTAL U.S. DEPARTMENT OF AGRICULTURE			96,630	30,318	96,630	31,065
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Title VI-B - Education of Handicapped Children A	6B-SF 98	84.027	0	0	2,749	0
	6B-SF 99	84.027	84,436	0	83,823	0
Total CFDA			84,436	0	86,572	0
Pre-School Disabilities Grant	PG-S1 98	84.173	0	0	3,465	0
	PG-S1 98	84.173	6,591	0	1,208	0
Total CFDA			6,591	0	4,673	0
Total Special Education Cluster			91,027	0	91,245	0
Title II - Eisenhower	MS-SI 97	84.281	0	0	42	0
	MS-SI 98	84.281	0	0	6,345	0
	MS-SI 99	84.281	7,536	0	3,513	0
Total CFDA			7,536	0	9,900	0
Title I, Part A, IASA	C1-S1 98	84.010	25,604	0	28,903	0
	C1-S1 99	84.010	137,112	0	118,756	0
Total CFDA			162,716	0	147,659	0
Innovative Education Program Strategy	C2-S1 98	84.298	0	0	6,139	0
	C2-S1 98	84.298	8,299	0	8,088	0
Total CFDA			8,299	0	14,227	0
Safe and Drug-Free Schools	DR-S1 98	84.186	0	0	219	0
	DR-SI 99	84.186	10,511	0	9,736	0
Total CFDA			10,511	0	9,955	0
Learn & Serve America	SV-S3 98	94.004	0	0	2,384	0
	SV-S3 99	94.004	0	0	9,446	0
	SV-S4 99	94.004	10,000	0	3,646	0
Total CFDA			10,000	0	15,476	0
TOTAL U.S. DEPARTMENT OF EDUCATION			290,089	0	288,462	0
U.S. DEPARTMENT OF LABOR						
<i>Passed through Ohio Department of Education</i>						
Employment Services and Job Training Pilot	WK-BE 99	17.249	10,000	0	3,000	0
TOTAL FEDERAL ASSISTANCE			\$396,719	\$30,318	\$388,092	\$31,065

See accompanying notes to this Schedule.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 1999**

NOTE A -- BASIS OF PRESENTATION

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

NOTE B -- FOOD DISTRIBUTION

Nonmonetary assistance received from the U.S. Department of Agriculture is reported in the Schedule at the fair market value of the food commodities received and consumed. At June 30, 1999, the District had food commodities valued at \$3,155 in inventory.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Sheffield-Sheffield Lake City School District
Lorain County
1824 Harris Road
Sheffield, Ohio 44054

To The Board of Education:

We have audited the financial statements of the Sheffield-Sheffield Lake City School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an instance of noncompliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 3, 1999.

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



JIM PETRO
Auditor of State

December 3, 1999



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

Sheffield-Sheffield Lake City School District
Lorain County
1824 Harris Road
Sheffield, Ohio 44054

To the Board of Education:

Compliance

We have audited the compliance of the Sheffield-Sheffield Lake City School District, Lorain County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

Sheffield-Sheffield Lake City School District
Report on Compliance with Requirements Applicable to the Major
Program and Internal Control over Compliance in Accordance
with OMB Circular A-133
Page 2

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



JIM PETRO
Auditor of State

December 3, 1999

**SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

A-133 §.505

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Sec. .510?	No
(d)(1)(vii)	Major Programs (list)	Title I - CFDA 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

- 1 Cognizant agency 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input checked="" type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | <input type="checkbox"/> Other - Specify: |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs § .520(b)?

\$ 300,000

3. Did the auditee qualify as a low-risk auditee (§ .530)?

- 1 Yes 2 No

4. Are there any audit findings required to be reported under § .510(a) ?

- 1 Yes 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 82 <input type="checkbox"/> United States Information Agency |
| 84 <input checked="" type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 64 <input type="checkbox"/> Veterans Affairs |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 00 <input type="checkbox"/> None |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | <input type="checkbox"/> Other - Specify: |

FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
10.550	Food Distribution	\$ 31,065	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
10.555	National School Lunch Program	\$ 96,630	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
84.027	Special Education Grants to States	\$ 86,572	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
84.010	Title I Grants to Local Educational Agencies	\$ 147,659	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
84.298	Innovative Education Program Strategies	\$ 14,227	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
84.186	Safe and Drug-Free Schools and Communities State Grants	\$ 9,955	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
84.173	Special Education Preschool Grants	\$ 4,673	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
94.004	Learn and Serve America School and Community Based	\$ 15,476	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
17.249	Employment Services and Job Training Pilot and	\$ 3,000	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
84.281	Eisenhower Professional Development State Grants	\$ 9,900	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C 2 <input type="checkbox"/> B	n/a
TOTAL FEDERAL AWARDS EXPENDED ->		419,157	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.

² Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)

- | | | |
|---|--|---------------------------------|
| A. Activities allowed or unallowed | G. Matching, level of effort, earmarking | L. Reporting |
| B. Allowable costs/cost principles | H. Period of availability of funds | M. Subrecipient monitoring |
| C. Cash management | I. Procurement | N. Special tests and provisions |
| D. Davis - Bacon Act | J. Program income | O. None |
| E. Eligibility | K. Real property acquisition and relocation assistance | |
| F. Equipment and real property management | | |

³ Type of internal control findings/Mark (X) all that apply)

- | | | |
|------------------------|--------------------------|------------------|
| A. Material weaknesses | B. Reportable conditions | C. None reported |
|------------------------|--------------------------|------------------|



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT

LORAIN 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 06 2000**