

CLEARVIEW LOCAL SCHOOL DISTRICT  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2002





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P. O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Education  
Clearview Local School District  
4700 Broadway  
Lorain, Ohio 44052

We have reviewed the Independent Auditor's Report of the Clearview Local School District, Lorain County, prepared by Costin & Company, for the audit period July 1, 2001 to June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

December 11, 2002

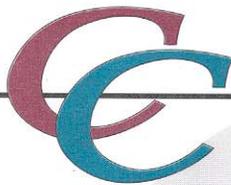
**This Page is Intentionally Left Blank.**

CLEARVIEW LOCAL SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Independent auditor's report	1
General purpose financial statements	
Combined balance sheet - all fund types and account groups	2
Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types	3
Combined statement of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP budgetary basis) - all governmental fund types	4
Combined statement of revenues, expenses, and changes in retained earnings – proprietary fund type	6
Combined statement of cash flows – proprietary fund type	7
Notes to the general purpose financial statements	8
Supplemental auditor's report	
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards	28
Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A-133	29
Schedule of findings and questioned costs, OMB circular A-133§505	30
Schedule of expenditures and federal awards	31

**This Page is Intentionally Left Blank.**



---

**COSTIN + COMPANY**

Certified Public Accountants

35945 Center Ridge Road

North Ridgeville, OH 44039

INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Clearview Local School District

We have audited the accompanying general purpose financial statements of the Clearview Local School District, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Clearview Local School 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clearview Local School District, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued our report dated October 16, 2002 on our consideration of the Clearview Local School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with "Governmental Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements, taken as a whole. The accompanying schedule of expenditures of federal awards 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 of the Clearview Local School District. 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.

North Ridgeville, Ohio  
October 16, 2002

CLEARVIEW LOCAL SCHOOL DISTRICT  
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
Pooled cash and equivalents	\$ 1,369,917	\$ 346,095	\$ 99,972	\$ 9,499,001
Receivables, net				
Taxes, current	1,546,765	335,338	371,920	53,551
Taxes, delinquent	110,500	26,200	28,700	4,300
Intergovernmental receivable	-	101,455	-	-
Interfund receivables	67,464	134	-	-
Inventories and supplies	-	-	-	-
Restricted cash	170,772	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided for debt service	-	-	-	-
Amount to be provided for benefits	-	-	-	-
Total assets and other debits	<u>\$ 3,265,418</u>	<u>\$ 809,222</u>	<u>\$ 500,592</u>	<u>\$ 9,556,852</u>
<u>Liabilities, fund equity and other credits</u>				
Liabilities				
Accounts and contracts payable	\$ 62,811	\$ 28,669	\$ -	\$ 2,012,870
Retainage payable	-	-	-	249,041
Accrued salaries, wages and benefits	993,682	148,617	-	-
Intergovernmental payable	171,364	9,532	-	-
Interfund payable	-	27,485	-	-
Due to students	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	1,432,427	308,394	342,422	49,031
Bonds payable	-	-	-	-
Accrued leave benefits	8,623	-	-	-
Total liabilities	<u>2,668,907</u>	<u>522,697</u>	<u>342,422</u>	<u>2,310,942</u>
Fund equity and other credits				
Investment in general fixed assets	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balances				
Reserved for property taxes	224,838	53,144	58,198	8,820
Reserved for budget stabilization	170,772	-	-	-
Reserved for debt service	-	-	99,972	-
Reserved for encumbrances	331,362	48,293	-	15,386,678
Unreserved	(130,461)	185,088	-	(8,149,588)
Total fund equity and other credits	<u>596,511</u>	<u>286,525</u>	<u>158,170</u>	<u>7,245,910</u>
Total liabilities, fund equity and other credits	<u>\$ 3,265,418</u>	<u>\$ 809,222</u>	<u>\$ 500,592</u>	<u>\$ 9,556,852</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Debt	
Enterprise	Agency			
\$ 93,855	\$ 84,386	\$ -	\$ -	\$ 11,493,226
-	-	-	-	2,307,574
-	-	-	-	169,700
41,403	-	-	-	142,858
-	-	-	-	67,598
4,709	-	-	-	4,709
-	-	-	-	170,772
155,338	-	13,251,233	-	13,406,571
(125,767)	-	-	-	(125,767)
-	-	-	158,170	158,170
-	-	-	5,436,830	5,436,830
-	-	-	1,020,074	1,020,074
<u>\$ 169,538</u>	<u>\$ 84,386</u>	<u>\$ 13,251,233</u>	<u>\$ 6,615,074</u>	<u>\$ 34,252,315</u>
\$ 1,191	\$ 3,565	\$ -	\$ -	\$ 2,109,106
-	-	-	-	249,041
45,938	-	-	-	1,188,237
23,817	-	-	93,511	298,224
-	40,113	-	-	67,598
-	34,536	-	-	34,536
-	6,172	-	-	6,172
3,433	-	-	-	2,135,707
-	-	-	5,595,000	5,595,000
14,185	-	-	926,563	949,371
<u>88,564</u>	<u>84,386</u>	<u>-</u>	<u>6,615,074</u>	<u>12,632,992</u>
-	-	13,251,233	-	13,251,233
80,974	-	-	-	80,974
-	-	-	-	345,000
-	-	-	-	170,772
-	-	-	-	99,972
-	-	-	-	15,766,333
-	-	-	-	(8,094,961)
<u>80,974</u>	<u>-</u>	<u>13,251,233</u>	<u>-</u>	<u>21,619,323</u>
<u>\$ 169,538</u>	<u>\$ 84,386</u>	<u>\$ 13,251,233</u>	<u>\$ 6,615,074</u>	<u>\$ 34,252,315</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2002

	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues</b>				
Taxes	\$ 1,737,127	\$ 369,298	\$ 405,212	\$ 64,196
Tuition and fees	548,837	-	-	-
Interest	94,094	771	2,500	156,138
Intergovernmental	6,294,250	825,064	48,849	9,708,101
Extracurricular	-	119,177	-	-
Miscellaneous	7,699	11,443	-	9,446
<b>Total revenues</b>	<u>8,682,007</u>	<u>1,325,753</u>	<u>456,561</u>	<u>9,937,881</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
Regular	4,784,849	489,882	-	37,147
Special	716,257	408,431	-	-
Vocational education	143,567	-	-	-
Adult education	-	23	-	-
<b>Supporting services</b>				
Pupil	537,108	79,718	-	-
Instructional	701,214	39,321	-	52,005
Board of education	48,033	-	-	-
Administration	941,483	5,600	-	-
Fiscal	267,046	6,469	7,101	1,128
Business	157,961	-	-	11,352
Operation and maintenance	1,044,887	-	-	-
Pupil transportation	431,599	150	-	-
Central services	74,263	15,879	-	-
Food service operations	-	500	-	-
<b>Non-instructional services</b>				
Community services	-	166,677	-	-
<b>Extracurricular</b>				
Academic oriented	72,561	-	-	-
Sports oriented	178,485	53,615	-	-
Capital outlay	-	-	-	6,034,000
<b>Debt service</b>				
Principal	-	-	75,000	-
Interest	-	-	326,617	-
<b>Total expenditures</b>	<u>10,099,313</u>	<u>1,266,265</u>	<u>408,718</u>	<u>6,135,632</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,417,306)</u>	<u>59,488</u>	<u>47,843</u>	<u>3,802,249</u>
<b>Other financing sources (uses)</b>				
Operating transfers-out	(19,988)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(19,988)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<u>(1,437,294)</u>	<u>59,488</u>	<u>47,843</u>	<u>3,802,249</u>
<b>Fund balances, beginning of year</b>	<u>2,033,805</u>	<u>227,037</u>	<u>110,327</u>	<u>3,443,661</u>
<b>Fund balances, end of year</b>	<u>\$ 596,511</u>	<u>\$ 286,525</u>	<u>\$ 158,170</u>	<u>\$ 7,245,910</u>

The accompanying notes are an integral part of these financial statements.

Totals  
(Memorandum  
Only)

\$ 2,575,833  
548,837  
253,503  
16,876,264  
119,177  
28,588  

---

20,402,202

5,311,878  
1,124,688  
143,567  
23

616,826  
792,540  
48,033  
947,083  
281,744  
169,313  
1,044,887  
431,749  
90,142  
500

166,677

72,561  
232,100  
6,034,000

75,000  
326,617  

---

17,909,928

---

2,492,274

(19,988)  

---

(19,988)

2,472,286

---

5,814,830

\$ 8,287,116  

---

---

CLEARVIEW LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2002

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 1,797,012	\$ 1,756,540	\$ (40,472)
Tuition and fees	840,421	549,029	(291,392)
Interest	159,316	103,927	(55,389)
Intergovernmental	6,790,087	6,294,250	(495,837)
Extracurricular	-	-	-
Miscellaneous	34,216	8,107	(26,109)
Total revenues	<u>9,621,052</u>	<u>8,711,853</u>	<u>(909,199)</u>
Expenditures			
Current			
Instruction			
Regular	4,510,790	4,877,718	(366,928)
Special	712,068	708,197	3,871
Vocational education	157,337	156,721	616
Adult education	-	-	-
Supporting services			
Pupil	552,983	552,234	749
Instructional	814,287	693,228	121,059
Board of education	48,746	47,905	841
Administration	967,419	945,137	22,282
Fiscal	282,802	270,341	12,461
Business	242,237	196,477	45,760
Operation and maintenance	1,118,426	1,095,188	23,238
Pupil transportation	460,664	431,509	29,155
Central services	228,205	206,260	21,945
Operation of non-instructional services			
Food service operations	-	-	-
Community services	-	-	-
Extracurricular activities			
Academic oriented	74,600	71,261	3,339
Sports oriented	178,200	177,394	806
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>10,348,764</u>	<u>10,429,570</u>	<u>(80,806)</u>
Excess (deficiency) of revenues over			
Expenditures	<u>(727,712)</u>	<u>(1,717,717)</u>	<u>(990,005)</u>
Other financing sources (uses)			
Advances-in	5,000	5,000	-
Refund of prior year expenditures	10,025	10,025	-
Operating transfers-out	(19,988)	(19,988)	-
Advances-out	(67,464)	(67,464)	-
Total other financing sources (uses)	<u>(72,427)</u>	<u>(72,427)</u>	<u>-</u>
Excess (deficiency) of revenues over			
expenditures and other sources (uses)	(800,139)	(1,790,144)	(990,005)
Prior year encumbrances	322,183	322,183	-
Fund balances, beginning of year	2,597,681	2,597,681	-
Fund balances, end of year	<u>\$ 2,119,725</u>	<u>\$ 1,129,720</u>	<u>\$ (990,005)</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 375,269	\$ 375,269	\$ -	\$ 412,100	\$ 412,100	\$ -
-	-	-	-	-	-
763	763	-	2,389	2,389	-
826,775	720,159	(106,616)	48,849	48,849	-
130,012	118,677	(11,335)	-	-	-
12,978	11,709	(1,269)	-	-	-
<u>1,345,797</u>	<u>1,226,577</u>	<u>(119,220)</u>	<u>463,338</u>	<u>463,338</u>	<u>-</u>
557,307	494,873	62,434	-	-	-
517,836	407,687	110,149	-	-	-
1,142	-	1,142	-	-	-
6,047	23	6,024	-	-	-
123,434	93,909	29,525	-	-	-
97,969	39,033	58,936	-	-	-
-	-	-	-	-	-
11,889	7,975	3,914	-	-	-
7,250	6,469	781	7,192	7,101	91
-	-	-	-	-	-
100	-	100	-	-	-
300	150	150	-	-	-
5,000	15,879	(10,879)	-	-	-
500	500	-	-	-	-
222,195	200,847	21,348	-	-	-
-	-	-	-	-	-
91,087	60,596	30,491	-	-	-
-	-	-	-	-	-
-	-	-	75,000	75,000	-
-	-	-	326,617	326,617	-
<u>1,642,056</u>	<u>1,327,941</u>	<u>314,115</u>	<u>408,809</u>	<u>408,718</u>	<u>91</u>
<u>(296,259)</u>	<u>(101,364)</u>	<u>194,895</u>	<u>54,529</u>	<u>54,620</u>	<u>91</u>
-	27,485	27,485	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(134)	(134)	-	(49,458)	(5,000)	44,458
<u>(134)</u>	<u>27,351</u>	<u>27,485</u>	<u>(49,458)</u>	<u>(5,000)</u>	<u>44,458</u>
(296,393)	(74,013)	222,380	5,071	49,620	44,549
119,221	119,221	-	-	-	-
219,968	219,968	-	50,241	50,241	-
<u>\$ 42,796</u>	<u>\$ 265,176</u>	<u>\$ 222,380</u>	<u>\$ 55,312</u>	<u>\$ 99,861</u>	<u>\$ 44,549</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2002

	Capital Projects		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 65,164	\$ 65,164	\$ -
Tuition and fees	-	-	-
Interest	165,987	152,715	(13,272)
Intergovernmental	10,694,434	9,708,101	(986,333)
Extracurricular	-	-	-
Miscellaneous	12,446	9,446	(3,000)
Total revenues	<u>10,938,031</u>	<u>9,935,426</u>	<u>(1,002,605)</u>
Expenditures			
Current			
Instruction			
Regular	48,389	43,885	4,504
Special	-	-	-
Vocational education	-	-	-
Adult education	-	-	-
Supporting services			
Pupil	-	-	-
Instructional	132,930	53,142	79,788
Board of education	-	-	-
Administration	-	-	-
Fiscal	1,750	1,128	622
Business	13,262	11,602	1,660
Operation and maintenance	-	-	-
Pupil transportation	-	-	-
Central services	-	-	-
Operation of non-instructional services			
Food service operations	-	-	-
Community services	-	-	-
Extracurricular activities			
Academic oriented	-	-	-
Sports oriented	-	-	-
Capital outlay	14,179,516	19,461,790	(5,282,274)
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>14,375,847</u>	<u>19,571,547</u>	<u>(5,195,700)</u>
Excess (deficiency) of revenues over Expenditures	<u>(3,437,816)</u>	<u>(9,636,121)</u>	<u>(6,198,305)</u>
Other financing sources (uses)			
Advances-in	-	-	-
Refund of prior year expenditures	-	-	-
Operating transfers-out	-	-	-
Advances-out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>(3,437,816)</u>	<u>(9,636,121)</u>	<u>(6,198,305)</u>
Prior year encumbrances	1,002,605	1,002,605	-
Fund balances, beginning of year	3,437,817	2,435,212	(1,002,605)
Fund balances, end of year	<u>\$ 1,002,606</u>	<u>\$ (6,198,304)</u>	<u>\$ (7,200,910)</u>

The accompanying notes are an integral part of these financial statements.

Totals  
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,649,545	\$ 2,609,073	\$ (40,472)
840,421	549,029	(291,392)
328,455	259,794	(68,661)
18,360,145	16,771,359	(1,588,786)
130,012	118,677	(11,335)
59,640	29,262	(30,378)
<u>22,368,218</u>	<u>20,337,194</u>	<u>(2,031,024)</u>
5,116,486	5,416,476	(299,990)
1,229,904	1,115,884	114,020
158,479	156,721	1,758
6,047	23	6,024
676,417	646,143	30,274
1,045,186	785,403	259,783
48,746	47,905	841
979,308	953,112	26,196
298,994	285,039	13,955
255,499	208,079	47,420
1,118,526	1,095,188	23,338
460,964	431,659	29,305
233,205	222,139	11,066
500	500	-
222,195	200,847	21,348
74,600	71,261	3,339
269,287	237,990	31,297
14,179,516	19,461,790	(5,282,274)
75,000	75,000	-
326,617	326,617	-
<u>26,775,476</u>	<u>31,737,776</u>	<u>(4,962,300)</u>
<u>(4,407,258)</u>	<u>(11,400,582)</u>	<u>(6,993,324)</u>
5,000	32,485	27,485
10,025	10,025	-
(19,988)	(19,988)	-
(117,056)	(72,598)	44,458
<u>(122,019)</u>	<u>(50,076)</u>	<u>71,943</u>
(4,529,277)	(11,450,658)	(6,921,381)
1,444,009	1,444,009	-
6,305,707	5,303,102	(1,002,605)
<u>\$ 3,220,439</u>	<u>\$ (4,703,547)</u>	<u>\$ (7,923,986)</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 2002

	Enterprise
Operating revenues	
Charges for services	\$ 146,951
Tuition and fees	34,233
Miscellaneous	8,503
Total operating revenues	189,687
Operating expenses	
Salaries and wages	253,629
Fringe benefits	141,151
Contractual services	5,128
Materials and supplies	254,512
Depreciation	4,179
Total operating expenses	658,599
Operating loss	(468,912)
Nonoperating revenues	
Interest	2,346
Intergovernmental	344,399
Total nonoperating revenues	346,745
Income before operating transfers	(122,167)
Operating transfers-in	19,988
Net loss	(102,179)
Retained earnings, beginning of year	183,153
Retained earnings, end of year	\$ 80,974

The accompanying notes are an integral part of these financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 2002

	Enterprise
Cash flows from operating activities:	
Operating loss	\$ (468,912)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Donated commodities used	35,472
Depreciation	4,179
Changes in net assets (increase) decrease and liabilities increase (decrease):	
Account receivable	3,584
Intergovernmental receivables	(242)
Inventories and supplies	474
Accounts and contracts payable	(1,857)
Accrued salaries and benefits	3,871
Intergovernmental payables	23,270
Deferred revenue	(3,601)
Accrued leave benefits	(1,649)
Total adjustments	63,501
Net cash (used in) operating activities	(405,411)
 Cash flows from non-capital financing activities:	
Intergovernmental revenue	308,927
Operating transfers-in	19,988
Net cash provided by non-capital financing activities	328,915
 Cash flows from capital and related financing activities:	
Acquisition of fixed assets	(8,944)
Net cash (used in) capital and related financing activities	(8,944)
 Cash flows provided by investing activities:	
Interest income	2,346
Net cash provided by investing activities	2,346
 Net (decrease) in cash and cash equivalents	(83,094)
 Equity in pooled cash and equivalents, beginning of year	176,949
Equity in pooled cash and equivalents, end of year	\$ 93,855

The accompanying notes are an integral part of these financial statements.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Clearview Local School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on or as of, October 1, 2001 was 1,466. The District employs 95 certificated and 75 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' 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 organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided 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.

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

Lake Erie Educational Computer Association - The Clearview Local School District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization. The District's participation is disclosed in Note 16 to the financial statements.

Lake Erie Regional Council - The Lake Erie Regional Council (LERC) promotes cooperative agreements to its members in dealing with problems of mutual concern. This is a jointly governed organization. The District's participation is disclosed in Note 16 to the financial statements.

Lorain County Joint Vocational School District - The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The Clearview Local School District's students may attend the Lorain County Joint Vocational School District.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the Clearview Local School 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 Clearview Local School District has the following fund types and account groups:

Governmental Fund Types

Governmental fund types 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 be used to pay obligations of the current period, which is considered to be sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

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

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Proprietary Fund Types

Proprietary fund types 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 the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations. Proprietary funds include the following fund type:

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

Fiduciary Fund Types

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Agency Funds - 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 government holds for others in an agency capacity.

Account Groups

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

B. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. The provisions of the Ohio Revised Code restrict deposit and investment procedures. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Investment income is distributed to the funds based on their contribution to the pool, as permitted by the Ohio Revised Code.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2002.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish statutory reserves. These reserves are required by State statute and can be used only after receiving approval from the State.

D. RECEIVABLES

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

E. INVENTORIES AND SUPPLIES

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

F. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets, which are used in proprietary fund type activities, are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Proprietary fund type fixed assets consist of machinery and equipment. Depreciation is computed using the straight-line method based on composite lives of the assets.

G. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

H. UNPAID COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and severance. 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 government 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 government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental and similar trust 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 absence liability is reported in the General Long-term Debt Account Group. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. Fund balance reserves have also been established for the required statutory reserves and are not available for appropriations.

J. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "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 eliminations have not been made in the aggregation of this data.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

A budget of estimated revenue and expenditures is 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.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types" do not include July 1, 2001 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

1. Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

	<u>Excess (deficiency) of revenues over expenditures and other sources (uses) - reconciliation of budget basis to GAAP basis</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ (1,790,144 )	\$ (74,013 )	\$ 49,620	\$ (9,636,121 )
Adjustments, increase (decrease)				
Revenue accruals	(44,871 )	71,691	(6,777 )	2,455
Expenditure accruals	397,721	61,810	5,000	13,435,915
GAAP basis, as reported	<u>\$ (1,437,294 )</u>	<u>\$ 59,488</u>	<u>\$ 47,843</u>	<u>\$ 3,802,249</u>

B. FUND EQUITY DEFICITS

Not apparent in the general purpose financial statements are deficit fund equity balances of \$ 27,356 in the Emergency Levy Fund, \$ 5,234 in the Title VI B Fund, and \$ 18,727 in the Miscellaneous Federal Grants Fund. These deficit equity balances at year-end resulted from reflecting expenditures in accordance with the modified accrual basis, which is substantially larger than the amounts recognized on the budget basis. The District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2002, expenditures exceeded appropriations in the General Fund and the Data Communications Support Fund, a special revenue fund, and the Ohio School Facilities Commission Fund, a capital projects fund.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

**NOTE 4 OHIO SCHOOL FACILITIES COMMISSION**

The District is currently participating in the Ohio School Facilities Commission Grant Program. By law, the District must include the State's expected contribution as estimated resources on the Official Certificate in the year those resources will be received. If the grant is to be expended over a period longer than the current fiscal year, only the amount estimated to be obligated during the current fiscal year should be appropriated. The amount appropriated by the District is the amount that will be paid through current resources. However, the District encumbered the entire amount of the contracts related to current construction. This resulted in an excess of expenditures over appropriations in the capital projects fund type.

**NOTE 5 DEPOSITS AND INVESTMENTS**

The Clearview Local School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Pooled cash and equivalents."

**A. LEGAL REQUIREMENTS**

State statute classifies monies held by the District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following obligations provided they matured or were redeemable within two years from the date of purchase:

- 1.) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2.) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuance 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 daily, and that the term of the agreement must not exceed thirty days;
- 4.) Bonds and other obligations of the State of Ohio
- 5.) No-load money market mutual funds consisting exclusively of obligations described in division 1) or 2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 6.) The State Treasurer's investment pool (STAROhio); and
- 7.) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 JUNE 30, 2002

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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 of debt of the District, and must be purchased with the expectation that it will be held until 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 with 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian

B. DEPOSITS

At year-end, the carrying amount of the Clearview Local School District's deposits was \$ 6,637,752 and the bank balance was \$ 6,753,468 all of which was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the Clearview Local School District.

B. INVESTMENTS

The District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the District's name. The District's investments are in a liquid asset management account and are considered to be non-participating. In accordance with the provisions of GASB 31, carrying value is at amortized cost. Any difference between cost and fair value is considered to be immaterial. Investment in STAR Ohio, the State Treasurer's Investment Pool, is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. Open-end mutual funds are not securities and therefore are not classified in categories of risk.

	Category			Carrying Value
	1	2	3	
U.S. Government securities	\$ -	\$ -	\$ 4,107,314	\$ 4,107,314
Money Market Investment				179,103
Investment in State Treasurer's Investment Pool				739,829
				<u>\$ 5,026,246</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 6 FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. GENERAL FIXED ASSETS ACCOUNT GROUP

The changes in general fixed assets during the year consisted of:

	Balance July 1, 2001	Additions	Disposals	Balance June 30, 2002
Land	\$ 31,460	\$ 15,620	\$ -	\$ 47,080
Building and improvements	5,687,542	171,248	-	5,858,790
Furniture and equipment	2,144,538	174,262	-	2,318,800
Vehicles	438,065	113,035	-	551,100
Construction in process	-	4,475,463	-	4,475,463
	<u>\$ 8,301,605</u>	<u>\$ 4,949,628</u>	<u>\$ -</u>	<u>\$ 13,251,233</u>

B. PROPRIETARY FUND TYPE FIXED ASSETS

Propriety fund type fixed assets and accumulated depreciation at year-end consisted of:

	Enterprise
Machinery and equipment	\$ 155,338
Less accumulated depreciation	125,767
Net fixed assets	<u>\$ 29,571</u>

NOTE 7 DEFERRED REVENUE

Deferred revenue at year-end, consisted of:

	Balance June 30, 2002
Property taxes receivable	\$ 2,132,274
Federal commodities, unused	3,433
	<u>\$ 2,135,707</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 8 GENERAL LONG-TERM DEBT

Changes in general long-term debt consisted of:

	Outstanding July 1, 2001	Additions	Retired	Outstanding June 30, 2002
Intergovernmental payable	\$ 86,500	\$ 93,511	\$ 86,500	\$ 93,511
Bonds payable	5,670,000	-	75,000	5,595,000
Accrued leave benefits	904,208	128,096	105,741	926,563
	<u>\$ 6,660,708</u>	<u>\$ 221,607</u>	<u>\$ 267,241</u>	<u>\$ 6,615,074</u>

Intergovernmental payable recorded as general long-term debt consists of pension obligations payable that will not be paid with current available financial resources.

NOTE 9 BONDS PAYABLE

Bonds payable at year-end consisted of:

	Outstanding June 30, 2001	Additions	Deductions	Outstanding June 30, 2002
General obligation bonds				
School improvement, (1999) 6.125% through 2024	\$ 3,260,000	\$ -	\$ 20,000	\$ 3,240,000
Building construction, (2001) 5.280% through 2023	2,410,000	-	55,000	2,355,000
	<u>\$ 5,670,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 5,595,000</u>

Debt service requirements to retire bonds payable at June 30, 2002, consisted of:

Year ending June 30,	Principal	Interest	Total
2003	\$ 90,000	\$ 313,316	\$ 403,316
2004	95,000	309,661	404,661
2005	110,000	305,428	415,428
2006	115,000	300,582	415,582
2007	125,000	295,208	420,208
2008 - 2012	795,000	1,367,676	2,162,676
2013 - 2017	1,210,000	1,101,821	2,311,821
2018 - 2022	1,790,000	649,031	2,439,031
2023 - 2025	1,265,000	103,890	1,368,890
	<u>\$ 5,595,000</u>	<u>\$ 4,746,613</u>	<u>\$ 10,341,613</u>

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 JUNE 30, 2002

NOTE 10 OPERATING LEASE

The District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the District's account groups. During fiscal year 2002, expenditures for operating leases totaled \$ 57,074. The following is a schedule of the future minimum lease payments as of June 30, 2002.

	Year ending June 30,	Amount
	2003	\$ 82,076
	2004	26,698
	2005	2,060
Total minimum lease payments		\$ 110,834

NOTE 11 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Taxes collected on real property, other than public utility, in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property, other than public utility, in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business, except for public utilities, is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

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% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously. The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the District its portion of the taxes collected.

The tax applied to real property collected in 2002 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$ 48.53 per \$ 1,000 of valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$ 31.16 per \$ 1,000 of assessed valuation of real property classified as residential/agricultural and \$ 31.27 per \$ 1,000 of assessed valuation for all other real property. The tax rate applied to tangible personal property for the current year ended June 30, 2002, was \$ 48.53 per \$ 1,000 of valuation.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 11 PROPERTY TAXES (continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002 was \$ 345,000 and is recognized as revenue.

The property valuation consisted of:

	Assessed Values	
	2001	2000
Agricultural / Residential	\$ 49,438,440	\$ 48,616,100
Commercial / Industrial	23,353,850	23,048,570
Public Utilities	87,840	93,020
Personal Property - General	9,026,830	9,431,680
Personal Property - Public Utilities	3,813,200	5,157,610
	\$ 85,720,160	\$ 86,346,980

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. The deductible is \$ 1,000 per incident. Boilers and machinery are insured by the Travelers Insurance Company and have a deductible of \$ 100. All vehicles are insured with Wasau Insurance Company and have a \$ 250 deductible. All board members, administrators, and employees are covered under a school district liability policy with Wasau Insurance Company. The limits of this coverage are \$ 2,000,000 per occurrence and \$ 5,000,000 aggregate.

The board president, superintendent, and treasurer are covered with surety bonds for \$ 20, 000. These bonds are with Nationwide Insurance Company. Remaining employees who handle money are covered by a commercial coverage crime policy in the amount of \$ 25,000. This coverage is provided by the United States Fire Insurance Company. Settled claims have not exceeded this commercial coverage in any of the past three years. There was no reduction in coverage from the prior year.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 JUNE 30, 2002

NOTE 12 RISK MANAGEMENT (continued)

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

The District has contracted with the Lake Erie Regional Council of Governments (LERC) to provide employee health and medical benefits since December 1988. The LERC is a claims-servicing pool comprised of approximately fifteen 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 flow or individual account balance. Upon termination, the terminating School District would be liable for all outstanding claims beyond their individual balance. The LERC Board of Directors has the right to return monies to an existing district subsequent to the settlement of all expenses and claims. This plan provides a medical/surgical plan with deductibles of \$ 150 for single and \$ 300 for family coverage.

The LERC's 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 in any given year, each participating member is notified of their deficiency and their premium is adjusted to cover its share of the additional cost of anticipated future claims.

NOTE 13 INTERFUND TRANSACTIONS

Interfund balances at June 30, 2002, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 67,464	\$ -
Special Revenue		
Principals' Fund	134	-
Miscellaneous Federal Grants Fund	-	27,485
Agency Funds		
Student Activities Fund	-	40,113
	\$ 67,598	\$ 67,598

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 14 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Clearview Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Clearview Local School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Clearview Local School district's contributions to SERS for the years ended June 30, 2002, 2001, and 2000 were \$ 238,500, \$ 234,200, and \$ 199,400, respectively. The full amount has been contributed for 2001 and 2000. For 2002, 44% has been contributed with the remainder being reported as a fund liability within the respective funds and the general long-term debt account group.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the Clearview Local School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of it's consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Clearview Local School District's contribution to STRS for the years ended June 30, 2002, 2001, and 2000 were \$ 748,000, \$ 704,600, and \$ 623,800, respectively. The full amount has been contributed for 2001 and 2000. For 2002, 83% has been contributed with the remainder being reported as a liability within the respective funds.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 15 POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Ohio Revised Code gives the School Employees Retirement System (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, 2001 (the latest information available) the allocation rate is 9.80%. 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 2001, the minimum pay has been 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.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 were \$ 161,439,934 and the target level was \$ 242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits was \$ 315.7 million.

The number of participants receiving health care benefits is approximately 50,000. The portion of the District's contributions that were used to fund postemployment benefits amounted to \$ 187,100.

B. STATE TEACHERS RETIREMENT SYSTEM

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care benefits for retirees and their dependents. Coverage under the current program provides hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to Revised Code (R.C.), 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 Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

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

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001 (the latest information available), the board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$ 3.256 billion on June 30, 2001.

For the year ended June 30, 2001, net health care costs paid by STRS were \$ 300,772,000. There were 102,132 eligible benefit recipients.

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 16 JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL 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 districts 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 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 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, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2002 the District paid \$ 166,566 to LEECA.

B. LAKE ERIE REGIONAL COUNCIL (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization among thirteen 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, food service and insurance. Each member provided operating resources to LERC on a per pupil or actual usage charge except for insurance. The LERC assembly consists of a superintendent or designated representative from each participating 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 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 located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2002 the District paid \$ 1,366,647 to LERC.

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.

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 JUNE 30, 2002

NOTE 17 STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 2002, the reserve activity (cash basis) was as follows:

	Textbook	Capital Maintenance	Budget Stabilization
Balance, July 1, 2001	\$ -	\$ -	\$ 170,772
Required set aside	172,594	172,594	-
Offset credits	-	-	-
Qualifying expenditures	(172,594 )	(172,594 )	-
Balance June 30, 2002	\$ -	\$ -	\$ 170,772

Expenditures and offsets for textbooks and capital maintenance during the year were \$ 267,189 and \$ 368,745, respectively, which exceeded the required set-aside and the reserve balance. Textbook expenditures exceeded statutory requirements by \$ 94,595, which may be used as offset credits for future years' set aside requirements.

NOTE 18 OHIO SCHOOL FUNDING PLAN

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State Funding for most Ohio school districts. However, as of the date of these financial statements, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

CLEARVIEW LOCAL SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002

NOTE 19 SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service, uniform school supplies, and summer school. Segment information related to these follows:

	Food Service	Uniform Supplies	Special Enterprise	Total Enterprise
Operating revenues	\$ 147,475	\$ 21,924	\$ 20,288	\$ 189,687
Operating expenses				
Salaries and wages	219,404	-	34,225	253,629
Fringe benefits	132,324	-	8,827	141,151
Contractual services	5,128	-	-	5,128
Materials and supplies	235,725	16,647	2,140	254,512
Depreciation	4,179	-	-	4,179
Total operating expenses	596,760	16,647	45,192	658,599
Operating income (loss)	(449,285 )	5,277	(24,904 )	(468,912 )
Nonoperating revenues	346,745	-	-	346,745
Operating transfers-in	-	-	19,988	19,988
Net income (loss)	\$ (102,540 )	\$ 5,277	\$ (4,916 )	\$ (102,179 )
Other information				
Net working capital	\$ 43,586	\$ 6,184	\$ 15,818	\$ 65,588
Fixed asset additions	\$ 8,944	\$ -	\$ -	\$ 8,944
Total assets	\$ 136,820	\$ 6,184	\$ 26,534	\$ 169,538
Total equity	\$ 58,972	\$ 6,184	\$ 15,818	\$ 80,974

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 JUNE 30, 2002

NOTE 20 CONTINGENT LIABILITIES

The District receives financial assistance from various state and federal agencies. There are certain requirements of a compliance nature that have to be met and programs are subject to audit by the grantor agency. Any disallowed claims could be liabilities of the general fund or other applicable funds. In the opinion of management, claims, if any, that might arise would not have a material effect on the District's financial statements.

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

NOTE 21 CONTRACTUAL COMMITMENTS

The District has contractual commitments related to the construction of school buildings and related facilities. At June 30, 2002, commitments outstanding were as follows:

	Total Contracts	Completed	Balance Remaining
HVAC	\$ 4,148,995	\$ 939,328	\$ 3,209,667
General Trades	6,685,506	2,742,091	3,943,415
Plumbing	796,100	317,085	479,015
Electrical Systems	2,417,662	476,959	1,940,703
	\$ 14,048,263	\$ 4,475,463	\$ 9,572,800



CLEARVIEW LOCAL SCHOOL DISTRICT  
SUPPLEMENTAL AUDITOR'S REPORTS  
JUNE 30, 2002

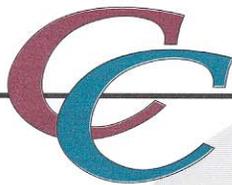
**This Page is Intentionally Left Blank.**

CLEARVIEW LOCAL SCHOOL DISTRICT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

YEAR ENDED JUNE 30, 2002

**This Page is Intentionally Left Blank.**



---

**COSTIN + COMPANY**

Certified Public Accountants

35945 Center Ridge Road

North Ridgeville, OH 44039

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

To the Board of Education  
Clearview Local School District

We have audited the general purpose financial statements of the Clearview Local School District as of and for the year ended June 30, 2002, and have issued our report thereon dated October 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Clearview Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Clearview Local School District, in a separate letter dated October 16, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Clearview Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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 we have reported to management of the District in a separate letter dated October 16, 2002.

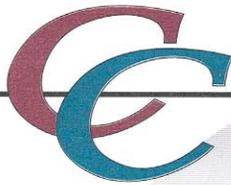
This report is intended for the information and use of management and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

North Ridgeville, Ohio  
October 16, 2002

CLEARVIEW LOCAL SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2002



---

**COSTIN + COMPANY**

---

Certified Public Accountants

35945 Center Ridge Road

North Ridgeville, OH 44039

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

To the Board of Education  
Clearview Local School District

**Compliance**

We have audited the compliance of the Clearview Local School 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 each of its major federal programs for the year ended June 30, 2002. The Clearview Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Clearview Local School District's management. Our responsibility is to express an opinion on the Clearview Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clearview Local School 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 Clearview Local School District's compliance with those requirements.

In our opinion, the Clearview Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

**Internal Control Over Compliance**

The management of Clearview Local School 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 Clearview Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the 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.

This report is intended for the information and use of management 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.

North Ridgeville, Ohio  
October 16, 2002

**This Page is Intentionally Left Blank.**

CLEARVIEW LOCAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §.505  
YEAR ENDED JUNE 30, 2002

CLEARVIEW LOCAL SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 §.505

JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(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 material 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 §.510?	No
(d)(1)(vii)	Major Programs	#84.010 – Title I
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(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

CLEARVIEW LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2002

CLEARVIEW LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2002

	CFDA Number	Pass Through Number	Revenue Recognized	Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Education:				
Nutrition Cluster:				
School Breakfast Program	10.553	OS-PU-02	\$ 58,486	\$ 58,486
Food Distribution Program	10.550	N/A	34,658	34,658
National School Lunch Program	10.555	LL-P4-02	262,250	262,250
Total Department of Agriculture - Nutrition Cluster			355,394	355,394
 <u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Title I	84.010	C1-S1-99 c/o	-	16
Title I	84.010	C1-S1-00 c/o	-	7,790
Title I	84.010	C1-S1-01	12,084	81,042
Title I	84.010	C1-S1-02	297,032	221,288
Total Title I			309,116	310,136
Special Education Cluster:				
Title VI-B	84.027	6B-SF-01	2,659	-
Title VI-B	84.027	6B-SF-02	103,581	107,756
Total Title VI-B, Special Education Grants to States			106,240	107,756
Total Special Education Cluster			106,240	107,756
Drug-Free Schools	84.186	DR-S1-98	-	8
Drug-Free Schools	84.186	DR-S1-99	-	3,645
Drug-Free Schools	84.186	DR-S1-00	-	1,484
Drug-Free Schools	84.186	DR-S1-01	-	856
Drug-Free Schools	84.186	DR-S1-02	2,912	1,681
Total Drug-Free Schools			2,912	7,674
Goals 2000	84.276	G2-S2-01	-	1,094
Goals 2000	84.276	G2-S2-02	2,500	500
Total Goals 2000			2,500	1,594
Eisenhower Professional State Grants	84.281	MS-S1-01	730	6,736
Eisenhower Professional State Grants	84.281	MS-S1-02	8,530	-
Total Eisenhower Professional State Grants			9,260	6,736
Innovative Education Program Strategies	84.298	C2-S1-00	-	917
Innovative Education Program Strategies	84.298	C2-S1-01	475	1,645
Innovative Education Program Strategies	84.298		2,518	467
Total Innovative Education Program Strategies			2,993	3,029
Comprehensive School Reform Demo	84.332	RF-S1-00	-	298
Comprehensive School Reform Demo	84.332	RF-S1-01	15,000	14,979
Comprehensive School Reform Demo	84.332	RF-S1-02	-	31,193
Total Comprehensive School Reform Demo			15,000	46,470
Title VI-R, Class Size Reduction	84.340	N/A	-	1,724
Title VI-R, Class Size Reduction	84.340	N/A	44,229	54,290
Total Title VI-R, Class Size Reduction			44,229	56,014
Total U.S. Department of Education			489,750	537,815

CLEARVIEW LOCAL SCHOOL DISTRICT  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2002

	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u> Medical Assistance Program	93.778	N/A	<u>31,399</u>	<u>31,399</u>
<u>Corporation for National and Community Service</u> Passed through State Department of Education: Learn and Serve America	94.004	SV-S1-02	<u>15,000</u>	<u>11,520</u>
Total Federal Financial Assistance			<u>\$ 894,043</u>	<u>\$ 937,722</u>

The accompanying schedule of expenditures of federal awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

Non-monetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**CLEARVIEW LOCAL 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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 23, 2002**