



**STRONGSVILLE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



**STRONGSVILLE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP basis) - All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types .....	12
Combined Statement of Cash Flows - All Proprietary Fund Types .....	13
Notes to the General Purpose Financial Statements .....	15
Schedule of Federal Awards Expenditures .....	37
Notes to the Schedule of Federal Awards Expenditures .....	39
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	41
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i> .....	43
Schedule of Findings .....	45

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## INDEPENDENT ACCOUNTANTS' REPORT

Board of Education  
Strongsville City School District  
Cuyahoga County  
13200 Pearl Road  
Strongsville, Ohio 44136

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

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

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

As described in Note 4 to the accompanying general-purpose financial statements, the District restated the beginning fixed asset balances and retained earnings in the Enterprise Funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

April 19, 2001

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and other debits</b>				
Pooled cash and equivalents	\$ 8,807,669	\$ 727,696	\$ 2,795,437	\$ 1,802,447
Receivables				
Taxes, current	37,115,606	-	2,981,259	-
Taxes, delinquent	1,225,897	-	98,466	-
Accounts and other	12,333	-	-	-
Due from other governments	8,750	-	-	-
Interfund receivable	700	-	-	-
Due from other funds	-	-	3,000	-
Inventories and supplies	-	-	-	-
Restricted cash	954,071	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided for debt service	-	-	-	-
Amount to be provided for benefits	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 48,125,026</b>	<b>\$ 727,696</b>	<b>\$ 5,878,162</b>	<b>\$ 1,802,447</b>
<b>Liabilities, fund equity and other credits</b>				
<b>Liabilities</b>				
Accounts and contracts payable	\$ 407,431	\$ 68,792	\$ -	\$ 124,848
Salaries and benefits	3,315,535	83,639	-	-
Due to students	-	-	-	-
Due to other funds	-	-	-	3,000
Due to other governments	906,260	11,839	-	-
Interfund payable	-	-	-	-
Deferred revenue	36,402,853	-	2,924,009	-
Bonds payable	-	-	-	-
Early retirement incentive plan	-	-	-	-
Compensated absences	255,144	1,001	-	-
<b>Total liabilities</b>	<b>41,287,223</b>	<b>165,271</b>	<b>2,924,009</b>	<b>127,848</b>
<b>Fund equity and other credits</b>				
Investment in general fixed assets	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balances				
Reserved for property taxes	1,938,650	-	155,716	-
Reserved for budget stabilization	954,071	-	-	-
Reserved for debt service	-	-	2,798,437	-
Reserved for encumbrances	1,721,534	88,240	-	320,898
Unreserved	2,223,548	474,185	-	1,353,701
<b>Total fund equity and other credits</b>	<b>6,837,803</b>	<b>562,425</b>	<b>2,954,153</b>	<b>1,674,599</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$ 48,125,026</b>	<b>\$ 727,696</b>	<b>\$ 5,878,162</b>	<b>\$ 1,802,447</b>

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	
\$ 394,653	\$ 36,050	\$ 155,719	\$ -	\$ -	\$ 14,719,671
-	-	-	-	-	40,096,865
-	-	-	-	-	1,324,363
-	-	692	-	-	13,025
18,624	-	-	-	-	27,374
-	-	-	-	-	700
-	-	-	-	-	3,000
25,195	-	-	-	-	25,195
-	-	-	-	-	954,071
814,684	4,720	-	62,903,073	-	63,722,477
(429,069)	(1,180)	-	-	-	(430,249)
-	-	-	-	2,954,153	2,954,153
-	-	-	-	26,815,589	26,815,589
-	-	-	-	7,597,888	7,597,888
<u>\$ 824,087</u>	<u>\$ 39,590</u>	<u>\$ 156,411</u>	<u>\$ 62,903,073</u>	<u>\$ 37,367,630</u>	<u>\$ 157,824,122</u>
\$ 16,609	\$ 373	\$ 5,591	\$ -	\$ -	\$ 623,644
65,922	-	-	-	-	3,465,096
-	-	150,120	-	-	150,120
-	-	-	-	-	3,000
51,019	-	-	-	483,769	1,452,887
-	-	700	-	-	700
20,702	-	-	-	-	39,347,564
-	-	-	-	29,769,742	29,769,742
-	-	-	-	2,128,581	2,128,581
33,924	-	-	-	4,985,538	5,275,607
<u>188,176</u>	<u>373</u>	<u>156,411</u>	<u>-</u>	<u>37,367,630</u>	<u>82,216,941</u>
-	-	-	62,903,073	-	62,903,073
635,911	39,217	-	-	-	675,128
-	-	-	-	-	2,094,366
-	-	-	-	-	954,071
-	-	-	-	-	2,798,437
-	-	-	-	-	2,130,672
-	-	-	-	-	4,051,434
<u>635,911</u>	<u>39,217</u>	<u>-</u>	<u>62,903,073</u>	<u>-</u>	<u>75,607,181</u>
<u>\$ 824,087</u>	<u>\$ 39,590</u>	<u>\$ 156,411</u>	<u>\$ 62,903,073</u>	<u>\$ 37,367,630</u>	<u>\$ 157,824,122</u>

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

	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues</b>				
Taxes	\$ 33,853,173	\$ -	\$ 2,811,542	\$ -
Tuition and fees	160,544	151,128	-	-
Interest	800,256	15,789	170,066	134,113
Intergovernmental	11,335,596	1,469,422	346,129	157,772
Extracurricular	-	320,889	-	-
Miscellaneous	182,934	183,830	-	-
<b>Total revenues</b>	<b>46,332,503</b>	<b>2,141,058</b>	<b>3,327,737</b>	<b>291,885</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
Regular	28,547,156	395,117	-	228,597
Special	2,012,767	764,675	-	-
Vocational education	326,895	-	-	-
Adult continuing	-	27,435	-	-
Other	727,346	-	-	-
<b>Supporting services</b>				
Pupil	2,041,170	251,174	-	-
Instructional	2,087,634	242,983	-	424
Board of education	63,423	-	-	-
Administration	2,584,998	37,213	-	-
Fiscal	4,038,802	-	40,332	-
Business	498,003	61,428	-	-
Operation and maintenance	3,961,242	20,660	-	172,346
Pupil transportation	2,455,648	-	-	-
Central services	359,117	64,328	-	-
<b>Non-instructional services</b>				
Community services	-	359,356	-	-
<b>Extracurricular</b>				
Academic oriented	-	39,111	-	-
Sports oriented	198,597	208,388	-	-
Capital outlay	-	-	-	1,129,645
<b>Debt service</b>				
Principal	-	-	1,555,000	-
Interest	-	-	1,604,965	-
<b>Total expenditures</b>	<b>49,902,798</b>	<b>2,471,868</b>	<b>3,200,297</b>	<b>1,531,012</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(3,570,295)</b>	<b>(330,810)</b>	<b>127,440</b>	<b>(1,239,127)</b>
<b>Other financing sources (uses)</b>				
Gain on sale of assets	53,247	-	-	-
Operating transfers-in	21,125	95,154	-	-
Operating transfers-out	(106,587)	(21,154)	-	-
<b>Total other financing sources (uses)</b>	<b>(32,215)</b>	<b>74,000</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	<b>(3,602,510)</b>	<b>(256,810)</b>	<b>127,440</b>	<b>(1,239,127)</b>
Fund balances, beginning of year	10,440,313	819,235	2,826,713	2,913,726
<b>Fund balances, end of year</b>	<b>\$ 6,837,803</b>	<b>\$ 562,425</b>	<b>\$ 2,954,153</b>	<b>\$ 1,674,599</b>

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

Totals (Memorandum Only)	
\$	36,664,715
	311,672
	1,120,224
	13,308,919
	320,889
	366,764
	<u>52,093,183</u>
	29,170,870
	2,777,442
	326,895
	27,435
	727,346
	2,292,344
	2,331,041
	63,423
	2,622,211
	4,079,134
	559,431
	4,154,248
	2,455,648
	423,445
	359,356
	39,111
	406,985
	1,129,645
	1,555,000
	1,604,965
	<u>57,105,975</u>
	<u>(5,012,792)</u>
	53,247
	116,279
	(127,741)
	<u>41,785</u>
	(4,971,007)
	16,999,987
\$	<u>12,028,980</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES –  
 BUDGET AND ACTUAL (NON-GAAP BASIS) – ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 37,821,828	\$ 35,597,724	\$ (2,224,104)
Tuition and fees	128,000	160,417	32,417
Interest	785,300	828,830	43,530
Intergovernmental	11,336,689	11,346,604	9,915
Extracurricular	-	-	-
Miscellaneous	144,900	173,117	28,217
Total revenues	<u>50,216,717</u>	<u>48,106,692</u>	<u>(2,110,025)</u>
Expenditures			
Current			
Instruction			
Regular	29,097,046	29,080,036	17,010
Special	2,057,355	2,055,965	1,390
Vocational education	351,147	349,720	1,427
Adult continuing	-	-	-
Other	1,683,392	1,681,025	2,367
Supporting services			
Pupil	2,132,154	2,129,189	2,965
Instructional	2,270,422	2,254,874	15,548
Board of education	82,268	65,178	17,090
Administration	2,957,116	2,936,617	20,499
Fiscal	4,020,205	4,017,850	2,355
Business	548,850	539,615	9,235
Operation and maintenance	4,272,950	4,268,416	4,534
Pupil transportation	2,554,314	2,548,221	6,093
Central services	351,303	346,190	5,113
Non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	-	-	-
Sports oriented	204,784	202,313	2,471
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>52,583,306</u>	<u>52,475,209</u>	<u>108,097</u>
Excess (deficiency) of revenues over expenditures	<u>(2,366,589)</u>	<u>(4,368,517)</u>	<u>(2,001,928)</u>
Other financing sources (uses)			
Gain (loss) on sale of assets	57,000	53,247	(3,753)
Operating transfers-in	692,332	21,125	(671,207)
Advances in	150,000	272,909	122,909
Refund of prior year expenditures	5,000	3,394	(1,606)
Advances out	(272,909)	(272,909)	-
Refund of prior year receipts	-	-	-
Operating transfers-out	(107,025)	(107,025)	-
Total other financing sources (uses)	<u>524,398</u>	<u>(29,259)</u>	<u>(553,657)</u>
Excess (deficiency) of revenues over expenditures and other source (uses)	<u>(1,842,191)</u>	<u>(4,397,776)</u>	<u>(2,555,585)</u>
Prior year encumbrances	2,220,164	2,220,164	-
Fund balances, beginning of year	9,800,193	9,800,193	-
Fund balances, end of year	<u>\$ 10,178,166</u>	<u>\$ 7,622,581</u>	<u>\$ (2,555,585)</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)
\$ -	\$ -	\$ -	\$ 3,027,113	\$ 2,969,327	\$ (57,786)
675,000	151,128	(523,872)	-	-	-
18,981	15,789	(3,192)	120,000	175,442	55,442
2,070,770	1,475,721	(595,049)	175,000	346,129	171,129
652,331	320,626	(331,705)	-	-	-
284,928	183,830	(101,098)	-	-	-
<u>3,702,010</u>	<u>2,147,094</u>	<u>(1,554,916)</u>	<u>3,322,113</u>	<u>3,490,898</u>	<u>168,785</u>
689,517	458,503	231,014	-	-	-
939,138	812,462	126,676	-	-	-
-	-	-	-	-	-
29,832	27,435	2,397	-	-	-
-	-	-	-	-	-
535,483	260,284	275,199	-	-	-
260,433	240,107	20,326	-	-	-
-	-	-	-	-	-
44,352	38,954	5,398	-	-	-
-	-	-	40,608	40,332	276
61,428	61,428	-	-	-	-
20,660	20,660	-	-	-	-
-	-	-	-	-	-
64,328	64,328	-	-	-	-
454,401	405,383	49,018	-	-	-
227,354	43,958	183,396	-	-	-
332,683	213,975	118,708	-	-	-
-	-	-	-	-	-
-	-	-	1,555,000	1,555,000	-
-	-	-	1,604,965	1,604,965	-
<u>3,659,609</u>	<u>2,647,477</u>	<u>1,012,132</u>	<u>3,200,573</u>	<u>3,200,297</u>	<u>276</u>
42,401	(500,383)	(542,784)	121,540	290,601	169,061
-	-	-	-	-	-
23,885	95,417	71,532	-	-	-
82,218	84,632	2,414	-	-	-
-	-	-	-	-	-
(84,632)	(84,632)	-	-	-	-
(5,270)	(5,270)	-	-	-	-
(22,972)	(21,154)	1,818	-	-	-
<u>(6,771)</u>	<u>68,993</u>	<u>75,764</u>	-	-	-
35,630	(431,390)	(467,020)	121,540	290,601	169,061
180,663	180,663	-	-	-	-
824,169	824,169	-	2,502,164	2,502,164	-
<u>\$ 1,040,462</u>	<u>\$ 573,442</u>	<u>\$ (467,020)</u>	<u>\$ 2,623,704</u>	<u>\$ 2,792,765</u>	<u>\$ 169,061</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCES –  
 BUDGET AND ACTUAL (NON-GAAP BASIS) – ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ -	\$ -	\$ -
Tuition and fees	-	-	-
Interest	103,000	144,236	41,236
Intergovernmental	205,052	157,772	(47,280)
Extracurricular	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>308,052</u>	<u>302,008</u>	<u>(6,044)</u>
Expenditures			
Current			
Instruction			
Regular	240,315	238,644	1,671
Special	-	-	-
Vocational education	-	-	-
Adult continuing	-	-	-
Other	-	-	-
Supporting services			
Pupil	-	-	-
Instructional	450	424	26
Board of education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	-	-	-
Operation and maintenance	273,265	258,245	15,020
Pupil transportation	-	-	-
Central services	-	-	-
Non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	-	-	-
Sports oriented	-	-	-
Capital outlay	1,930,427	1,475,260	455,167
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,444,457</u>	<u>1,972,573</u>	<u>471,884</u>
Excess (deficiency) of revenues over expenditures	<u>(2,136,405)</u>	<u>(1,670,565)</u>	<u>465,840</u>
Other financing sources (uses)			
Gain (loss) on sale of assets	2,596	-	(2,596)
Operating transfers-in	-	-	-
Advances in	-	-	-
Refund of prior year expenditures	-	-	-
Advances out	-	-	-
Refund of prior year receipts	-	-	-
Operating transfers-out	-	-	-
Total other financing sources (uses)	<u>2,596</u>	<u>-</u>	<u>(2,596)</u>
Excess (deficiency) of revenues over expenditures and other source (uses)	<u>(2,133,809)</u>	<u>(1,670,565)</u>	<u>463,244</u>
Prior year encumbrances	365,956	365,956	-
Fund balances, beginning of year	2,659,738	2,659,738	-
Fund balances, end of year	<u>\$ 891,885</u>	<u>\$ 1,355,129</u>	<u>\$ 463,244</u>

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

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 40,848,941	\$ 38,567,051	\$ (2,281,890)
803,000	311,545	(491,455)
1,027,281	1,164,297	137,016
13,787,511	13,326,226	(461,285)
652,331	320,626	(331,705)
429,828	356,947	(72,881)
<u>57,548,892</u>	<u>54,046,692</u>	<u>(3,502,200)</u>

30,026,878	29,777,183	249,695
2,996,493	2,868,427	128,066
351,147	349,720	1,427
29,832	27,435	2,397
1,683,392	1,681,025	2,367
2,667,637	2,389,473	278,164
2,531,305	2,495,405	35,900
82,268	65,178	17,090
3,001,468	2,975,571	25,897
4,060,813	4,058,182	2,631
610,278	601,043	9,235
4,566,875	4,547,321	19,554
2,554,314	2,548,221	6,093
415,631	410,518	5,113
454,401	405,383	49,018
227,354	43,958	183,396
537,467	416,288	121,179
1,930,427	1,475,260	455,167
1,555,000	1,555,000	-
1,604,965	1,604,965	-
<u>61,887,945</u>	<u>60,295,556</u>	<u>1,592,389</u>

<u>(4,339,053)</u>	<u>(6,248,864)</u>	<u>(1,909,811)</u>
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59,596	53,247	(6,349)
716,217	116,542	(599,675)
232,218	357,541	125,323
5,000	3,394	(1,606)
(357,541)	(357,541)	-
(5,270)	(5,270)	-
(129,997)	(128,179)	1,818
<u>520,223</u>	<u>39,734</u>	<u>(480,489)</u>

(3,818,830)	(6,209,130)	(2,390,300)
2,766,783	2,766,783	-
15,786,264	15,786,264	-
<u>\$ 14,734,217</u>	<u>\$ 12,343,917</u>	<u>\$ (2,390,300)</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN RETAINED EARNINGS – ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating revenues			
Tuition and fees	\$ 467,135	\$ -	\$ 467,135
Extracurricular	-	10,763	10,763
Miscellaneous	113,966	19,591	133,557
Charges for services	1,264,188	-	1,264,188
Total operating revenues	<u>1,845,289</u>	<u>30,354</u>	<u>1,875,643</u>
Operating expenses			
Salaries and wages	547,677	-	547,677
Fringe benefits	269,375	-	269,375
Contractual services	224,248	795	225,043
Materials and supplies	983,996	24,188	1,008,184
Other expenses	68,031	999	69,030
Depreciation	29,518	622	30,140
Total operating expenses	<u>2,122,845</u>	<u>26,604</u>	<u>2,149,449</u>
Operating income (loss)	<u>(277,556)</u>	<u>3,750</u>	<u>(273,806)</u>
Nonoperating revenues (expenses)			
Interest	13,501	-	13,501
Intergovernmental	249,202	-	249,202
Total nonoperating revenues (expenses)	<u>262,703</u>	<u>-</u>	<u>262,703</u>
Income before operating transfers	<u>(14,853)</u>	<u>3,750</u>	<u>(11,103)</u>
Operating transfers			
Operating transfers-in	1,462	10,000	11,462
Total operating transfers	<u>1,462</u>	<u>10,000</u>	<u>11,462</u>
Net income	(13,391)	13,750	359
Retained earnings, beginning of year, restated	<u>649,302</u>	<u>25,467</u>	<u>674,769</u>
Retained earnings, end of year	<u>\$ 635,911</u>	<u>\$ 39,217</u>	<u>\$ 675,128</u>

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

STRONGSVILLE CITY SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH FLOWS –  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise	Internal Service	Totals (Memorandum Only)
Cash flows from operating activities:			
Operating income (loss)	\$ (277,556)	\$ 3,750	\$ (273,806)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Donated commodities used	124,202	-	124,202
Depreciation	29,518	622	30,140
Changes in net assets (increase) decrease and liabilities increase (decrease):			
Due from other governments	7,689	-	7,689
Inventories and supplies	382	-	382
Accounts and contracts payable	(6,031)	(136)	(6,167)
Accrued salaries and benefits	(13,937)	-	(13,937)
Due to other governments	(4,768)	-	(4,768)
Deferred revenue	(607)	-	(607)
Accrued leave benefits	7,637	-	7,637
Total adjustments	144,085	486	144,571
Net cash (used in) operating activities	(133,471)	4,236	(129,235)
Cash flows from non-capital financing activities:			
Intergovernmental revenue	125,000	-	125,000
Operating transfers-in	1,462	10,000	11,462
Net cash provided by non-capital financing activities	126,462	10,000	136,462
Cash flows from capital and related financing activities:			
Acquisition of fixed assets	-	(2,525)	(2,525)
Net cash (used in) capital and related financing activities	-	(2,525)	(2,525)
Cash flows provided by investing activities:			
Interest income	13,501	-	13,501
Net cash provided by investing activities	13,501	-	13,501
Net increase (decrease) in cash cash equivalents	6,492	11,711	18,203
Equity in pooled cash and equivalents, beginning of year	388,161	24,339	412,500
Equity in pooled cash and equivalents, end of year	\$ 394,653	\$ 36,050	\$ 430,703

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

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STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Strongsville City School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. DESCRIPTION OF THE ENTITY

The Strongsville City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Strongsville City School District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. Average daily membership (ADM) as of October 1, 1999, was 6,981. The District employed 499 certificated employees and 371 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 Strongsville City School District, this includes regular, vocational, and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. 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 the entities nor are they fiscally dependent on the District.

Polaris Career Center - The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special needs of the students. The board of education consists of representatives from the board of each participating school district, independent of the Strongsville City School District. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Strongsville City School District students may attend the vocational school. Each School District's control is limited to its representation on the board.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. DESCRIPTION OF THE ENTITY (continued)

Lake Erie Educational Computer Association - The Strongsville City 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 18 to these financial statements.

Ohio Schools Council Association - The Ohio Schools Council, which is composed of seventy school districts, was formed to purchase quality products and services at the lowest possible cost to the member districts. This is a jointly governed organization. The District's participation is disclosed in Note 18 to these financial statements.

Strongsville Education Foundation - The Strongsville City School Education Foundation was established to support and enhance educational opportunities for the youth of the Strongsville community. This is a jointly governed organization. The District's participation is disclosed in Note 18 to these financial statements.

Management believes the financial statements included in this report represent all of the funds of the Strongsville City School District over which the Strongsville City School District is financially accountable.

B. FUND ACCOUNTING

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

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

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

Governmental Fund Types:

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

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

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

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

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

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

Proprietary Fund Type:

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

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

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

Fiduciary Fund Types:

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. These include expendable trust, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The District has only Agency Funds.

Account Groups:

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

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

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components, as applicable. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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 liabilities 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, except for what is on hand with the county treasurer on the last day of the fiscal year. Such amount is recognized as revenue in the current period and as a reservation of fund balance. Other revenues susceptible to accrual are interest revenue and charges for services. Expenditures are recorded when the related fund liability is incurred.

The proprietary fund types are accounted for using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which they are incurred. 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.

D. 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 the General fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the Board of Education.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS (continued)

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 period July 1 to June 30 of the following year.

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 this 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. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during the year.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of 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, object level within the General fund and at fund, object level for all other funds. The appropriation resolution 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 and objects within the General fund and within objects for all other funds 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 which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and 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. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent year expenditures in Governmental Funds.

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS (continued)

Lapsing of Appropriations

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.

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances.

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. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

	Excess (deficiency) of revenues over expenditures and other sources (uses) - <u>reconciliation of budget basis to GAAP basis</u>			
	General	Special Revenue	Debt Service	Capital Projects
Budget basis	\$ (4,397,776)	\$ (431,390)	\$ 290,601	\$ (1,670,565)
Adjustments, increase (decrease)				
Revenue accruals	(2,050,492)	(90,931)	(163,161)	(10,123)
Expenditure accruals	2,845,758	265,511	-	441,561
GAAP basis, as reported	\$ (3,602,510)	\$ (256,810)	\$ 127,440	\$ (1,239,127)

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. POOLED CASH AND INVESTMENTS

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances.

F. RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction.

G. INTERFUND TRANSACTIONS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables or interfund payables on the balance sheet.

H. INVENTORIES

Inventories are stated at the lower of cost (first in, first out) or market and consist of purchased food and commodities for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary fund types are expensed when used.

I. FIXED ASSETS

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 follows the policy of not capitalizing assets with a cost of less than \$ 500.

Depreciation of fixed assets in the proprietary fund types is computed using the straight line method over the estimated useful life.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, side walks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

J. COMPENSATED ABSENCES

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

In the governmental funds compensated absences that are expected to be liquidated with expendable available resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the General Long-term Debt Account Group.

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

K. LONG-TERM OBLIGATIONS

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

L. 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. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods.

M. TOTALS - MEMORANDUM ONLY COLUMNS

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

N. USE OF ESTIMATES

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

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 2 - FUND EQUITY DEFICITS

Not apparent in the general purpose financial statements is a deficit fund balance of \$ 31,153 in the M. H. Special Education Consortium Fund. This deficit fund equity balance at year end results from reflecting expenditures in accordance with the modified accrual basis which are 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.

NOTE 3 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash basis) was as follows:

	Textbook	Capital Maintenance	Budget Stabilization	Total
Balance, July 1, 1999	\$ -	\$ -	\$ 607,649	\$ 607,649
Required set aside	1,097,425	1,097,425	365,808	2,560,658
Offset credits	-	-	(19,386)	(19,386)
Qualifying expenditures	(1,142,916)	(1,097,812)	-	(2,240,728)
Balance June 30, 2000	<u>\$ (45,491)</u>	<u>\$ (387)</u>	<u>\$ 954,071</u>	<u>\$ 908,193</u>

Expenditures for textbooks during the year were \$ 1,142,916, which exceeded the required set aside and the reserve balance. Textbook expenditures exceeded statutory requirements by \$ 45,491, which may be used as an offset credit for future years' set aside requirements. Although the District had qualifying disbursements during the year that reduced the set-aside amounts below zero for capital acquisitions, these extra amounts may not be used to reduce the set-aside requirements for future years.

NOTE 4 RESTATEMENT OF PRIOR YEAR'S RETAINED EARNINGS

The understatement of fixed assets and related depreciation in the Enterprise Funds increased net income for years ending June 30, 1999 and prior. This understatement increased retained earnings as of June 30, 1999 \$ 236,561, from \$ 412,741 to \$ 649,302.

NOTE 5 DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

Inactive deposits are public deposits 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 by savings or deposit accounts including, but not limited to, passbook accounts.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

- 1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 6) The State Treasurer's investment pool (STAR Ohio);
- 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; and
- 8) Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation 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.

The Strongsville City 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."

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

B. DEPOSITS

At year-end, the carrying amount of the Strongsville City School District's deposits was \$ 89,095 and the bank balance was \$ 828,823. Of the bank balance,

1. \$ 214,850 was covered by federal depository insurance; and
2. \$ 613,973 was uninsured and uncollateralized. Although State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

C. 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	
Commercial				
paper notes	\$	-	\$ 1,978,688	\$ 1,978,688
U.S. Government				
securities		-	5,422,785	5,422,785
Money Market Investment				229,998
Mutual Funds				597,163
Investment in State Treasurer's Investment Pool				7,356,013
				\$ 15,584,647

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal business property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Cuyahoga and Lorain Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$ 1,938,650 in the General Fund and \$ 155,716 in the Debt Service Fund. The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second - Half Collections		2000 First - Half Collections	
	Amount	%	Amount	%
Agricultural/Residential and Other Real Estate	\$ 942,868,550	87.52 %	\$ 991,787,840	87.23 %
Public Utilities	43,376,130	4.03	40,334,100	3.55
Tangible Personal Property	91,053,647	8.45	104,853,283	9.22
Total Assessed Value	<u>\$ 1,077,298,327</u>	<u>100.00 %</u>	<u>\$ 1,136,975,223</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	<u>70.80</u>		<u>70.60</u>	

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 7 - FIXED ASSETS**

The District's general and proprietary fixed assets were adjusted to reflect the estimated original historical cost based upon an estimated year of purchase.

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Restated Balance July 1, 1999	Additions	Disposals	Balance June 30, 2000
Land and buildings	\$ 45,519,549	\$ -	\$ -	\$ 45,519,549
Furniture and equipment	10,943,064	103,478	55,306	10,991,236
Vehicles	3,897,310	516,363	58,506	4,355,167
Text and library books	2,037,121	-	-	2,037,121
	<u>\$ 62,397,044</u>	<u>\$ 619,841</u>	<u>\$ 113,812</u>	<u>\$ 62,903,073</u>

The following is a summary of proprietary fund type fixed assets at June 30, 2000:

	Enterprise	Internal Service	Total
Machinery and equipment	\$ 814,684	\$ 4,720	\$ 819,404
Less accumulated depreciation	429,069	1,180	430,249
Net fixed assets	<u>\$ 385,615</u>	<u>\$ 3,540</u>	<u>\$ 389,155</u>

Machinery and equipment in the proprietary funds have estimated useful lives of 5 - 40 years.

**NOTE 8 - LONG-TERM DEBT**

Long-term obligations of the District as of June 30, 2000 were as follows:

	Outstanding July 1, 1999	Additions	Retired	Outstanding June 30, 2000
Bonds, 5.375%; matures 1999	\$ 200,000	\$ -	\$ 200,000	\$ -
Bonds, 6.500%; matures 2010	3,120,000	-	260,000	2,860,000
Bonds, 6.950%; matures 2011	1,690,000	-	130,000	1,560,000
Bonds, 6.200%; matures 2015	3,065,000	-	130,000	2,935,000
Bonds, 3.750%; matures 2012	23,249,742	-	835,000	22,414,742
Total bonds	<u>31,324,742</u>	<u>-</u>	<u>1,555,000</u>	<u>29,769,742</u>
Due to other governments	442,700	483,769	442,700	483,769
Compensated absences	4,743,255	479,893	237,610	4,985,538
Retirement incentive plan	544,945	2,112,313	528,677	2,128,581
	<u>\$ 37,055,642</u>	<u>\$ 3,075,975</u>	<u>\$ 2,763,987</u>	<u>\$ 37,367,630</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 8 - LONG-TERM DEBT (continued)

Outstanding bonds consist of general obligation bonds for building issues. General obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District. General obligation bonds will be paid from the Debt Service Fund from property taxes. Due to other governments represents contractually required pension contributions and will be paid from the fund from which the employee is paid. Compensated absences will be paid from the fund from which the employee is paid. Retirement incentive will be paid from the general fund.

The annual requirements to amortize general obligation bonds outstanding as of June 30, 2000, are as follows:

Year ending June 30,	Principal	Interest	Total
2001	\$ 1,480,000	\$ 1,529,045	\$ 3,009,045
2002	1,615,000	1,451,205	3,066,205
2003	1,770,000	1,364,877	3,134,877
2004	1,224,742	2,007,555	3,232,297
2005	2,045,000	1,231,591	3,276,591
2006 - 2010	12,640,000	4,269,483	16,909,483
2011 - 2015	8,995,000	818,179	9,813,179
	<u>\$ 29,769,742</u>	<u>\$ 12,671,935</u>	<u>\$ 42,441,677</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consisted of the following individual fund receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 700	\$ -
Agency Funds		
Outdoor Education	-	700
Total	<u>\$ 700</u>	<u>\$ 700</u>

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 10 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds which are intended to be self-supporting through user fees charged for services to the students. Financial segment information as of and for the fiscal year ended June 30, 2000 is presented below.

	Food Service	Uniform Supplies	Special Enterprise	Total Enterprise
Operating revenues	\$ 1,264,188	\$ 504,208	\$ 76,893	\$ 1,845,289
Operating expenses				
Salaries and wages	519,787	-	27,890	547,677
Fringe benefits	261,774	-	7,601	269,375
Contractual services	12,486	165,512	46,250	224,248
Materials and supplies	691,054	285,705	7,237	983,996
Other	-	65,791	2,240	68,031
Depreciation	28,846	120	552	29,518
Total operating expenses	1,513,947	517,128	91,770	2,122,845
Operating (loss)	(249,759)	(12,920)	(14,877)	(277,556)
Nonoperating revenues	262,085	-	618	262,703
Operating transfers-in	-	1,462	-	1,462
Net income (loss)	\$ 12,326	\$ (11,458)	\$ (14,259)	\$ (13,391)
Other information				
Net working capital	\$ 145,168	\$ 111,368	\$ 48,386	\$ 304,922
Total assets	\$ 643,771	\$ 125,731	\$ 54,585	\$ 824,087
Total equity	\$ 473,565	\$ 111,488	\$ 50,858	\$ 635,911

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 11- COMPENSATED ABSENCES

Sick Leave

Each full time professional staff member is entitled to fifteen days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth days for each calendar month under contract. Sick leave is cumulative for members of the Strongsville Educators Association (SEA) up to 365 days. Sick leave is cumulative for members of the local chapter of the Ohio Association of Public School Employees (OAPSE) up to 280 days.

Service Retirement

Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on their daily rate of pay times the value of the employee's eligible accrued unused sick leave days. Service retirement is payable at 30% not to exceed 115 days for fifteen years of service (ten years with the Strongsville City School District) and 30% not to exceed 130 days for twenty years of service (fifteen years with the Strongsville City School District).

Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is 30% of the employee's accumulated unused sick leave computed at the employee's per diem rate of pay at the last date of employment.

Administration employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. All members of the Leadership Team who have no less than three years service in the Strongsville City School District will be paid a lump sum equal to 30% of the value of accrued unused sick leave, to a maximum of 133 days for a 215 day contract employee and 142 days for a 260 day contract employee. Such payment shall be based on the employee's daily rate of pay at the time of resignation from the Strongsville City School District.

Severance Pay

Non-certified employees are eligible for severance pay after the Board of Education accepts the employee's retirement. Severance pay is based on 30% of the employee's accumulated unused sick leave times their per diem rate of pay at the last date of employment. No supplemental pay shall be used in the computation of severance pay.

Certified employees are eligible for severance pay upon the employee's death, resignation or retirement. In the event of retirement or death, severance pay shall be equal to the value of 30% of the teacher's accumulated but unused sick leave not to exceed 115 days. In the event of resignation or death with a minimum of fifteen years (ten years in Strongsville), severance pay shall be equal to the value of 30% of the teacher's accumulated but unused sick leave not to exceed 115 days. In the event of resignation or death with a minimum of twenty years (fifteen years in Strongsville), severance pay shall be equal to the value of 30% of the teacher's accumulated unused sick leave not to exceed 130 days. The value shall be computed at the teacher's per diem rate of pay at the last date of employment. No supplemental pay shall be used in the computation of severance pay.

Administration employees are eligible for severance pay after the Board of Education accepts the employee's resignation. Administration employees who have a minimum of three years service in the Strongsville City School District will be paid a lump sum equal to 30% of the value of accrued unused sick leave, to a maximum of 133 days for a 215 day contract employee and 142 days for a 260 day contract employee. Such payment shall be based on the employee's daily rate of pay at the time of severance from the Strongsville City School District.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 12 - PENSION AND RETIREMENT PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9.0% of their annual covered salary and the School District is required to contribute 14.0%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's contributions to SERS for the years ended June 30, 2000, 1999 and 1998 were \$ 1,127,900, \$ 1,035,000, and \$ 938,487, respectively. The full amount has been contributed for 1999 and 1998. For 2000, 42% has been contributed with the remainder being reported as a fund liability and within the general long-term debt account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system 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% of their annual covered salary and the School District is required to contribute 14.0%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10.0% for members and 14.0% for employers. The School District's contributions to STRS for the years ended June 30, 2000, 1999, and 1998, were \$3,516,000, \$3,191,700, and \$2,950,215, respectively. The full amount has been contributed for 1999 and 1998. For 2000, 82% has been contributed with the remainder being reported as a fund liability.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired non-certificated employees and their dependents through the School Employees Retirement System and to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute.

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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 July 1, 1999 (the latest information available) the allocation rate is 6.3% of covered payroll. 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 1999, 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, 1999 (latest information available) were \$ 126,380,984 and the target level was \$ 189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$ 188.0 million.

The number of participants receiving health care benefits is approximately 51,000. The portion of the District's contributions that were used to fund postemployment benefits amounted to \$ 598,100.

B. State Teachers Retirement System

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

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 equal to 2% of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for fiscal year ended June 30, 1999, the Board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$ 2.783 billion at June 30, 1999 (the latest information available). The Health Care Reserve Fund allocation for the year ended June 30, 2000 was 8% of covered payroll.

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

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 14 - RETIREMENT INCENTIVE PLAN

The Strongsville City Board of Education adopted an Early Retirement Incentive Plan for all certificated staff who are members of the State Teachers Retirement System. This plan is in effect beginning August 1, 1997 and will continue through July 31, 2002. Participation is open to all eligible certificated personnel. The Board shall pay the cost of a maximum of three years of eligible service credit or one-fifth of each member's total eligible service credit, whichever is less. Participants in this plan are eligible to receive the total number of years of service credit allowable and not just the minimal number needed to qualify for retirement. Each teacher who elects to participate in this Early Retirement Incentive Plan shall receive their severance pay in three equal installments beginning in January of the year following the teacher's retirement.

NOTE 15 - OHIO SCHOOL FUNDING PLAN

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain programs of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During fiscal year ended June 30, 2000, the District received \$ 7,711,763 of school foundation support for its general fund.

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

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

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

STRONGSVILLE CITY SCHOOL DISTRICT  
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 16 - OPERATING LEASE

The District is obligated under a certain lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreement are not reflected in the District's account groups. During 2000, expenditures for operating leases totaled \$ 32,400. The following is a schedule by years of future minimum rental payments required under the operating lease as of June 30, 2000:

	Year ending June 30,	Amount
	2001	\$ 32,400
	2002	10,800
Total minimum lease payments		\$ 43,200

NOTE 17 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2000, the District contracted with the Indiana Insurance Company for property insurance. Travelers Insurance Company covers boiler and machinery at \$ 30,000,000 single occurrence and \$ 1,000 deductible. Crime policy for employee dishonesty, forgery and alteration is covered by Ohio Casualty Insurance Co. with a \$ 250,000 limit and \$ 1,000 deductible. Liability is protected by Nationwide Agribusiness Insurance Company with a \$ 5,000,000 annual aggregate/\$ 1,000,000 single occurrence limit and no deductible. Vehicles are covered by Corecis and hold a \$ 250 deductible for comprehensive and a \$ 500 deductible for collision. Automobile liability has a \$ 2,000,000 combined single limit of liability. The District provides medical, dental and life insurance to employees through commercial insurance coverage. There has not been any significant reductions in insurance coverage from the prior year. Settlements have not exceeded insurance coverage in any of the preceding three years.

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

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Lake Erie Education Computer Association

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty-two 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, 2000 the District paid \$ 54,741 to LEECA for basic charges.

B. Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among eighty-three school districts. This jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. The Council sponsors an insurance purchasing plan, the Cooperative Purchasing Program and a natural gas purchasing program in which the District participates. Each school district supports the Council by paying a one time fee of \$ 500 and certain annual participation fees. The Council's Board consists of seven superintendents of the participating school districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Independence, Ohio 44131

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

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

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

STRONGSVILLE CITY SCHOOL DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. Ohio Schools Council (continued)

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

C. Strongsville Education Foundation

The Strongsville City School Foundation (Foundation) is a jointly governed organization established by the Ohio Revised Code to support and enhance educational opportunities for the youth of the Strongsville community. The Foundation Board of Trustees consists of at least three but not more than seventeen trustees. The current Superintendent of the Strongsville City Schools shall be on the Board of Trustees and serve as Executive Director. At least one Trustee shall be a member of the Board of Education of the Strongsville City School District. A majority of the Trustees shall at all times be persons other than "substantial contributors," as defined in Section 507(d)(2) of the Internal Revenue Code. Each Trustee has one vote. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities.

NOTE 19 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although management expects such amounts, if any, to be immaterial.

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

STRONGSVILLE CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 Schedule of Federal Awards Expenditures  
 For Fiscal Year Ended June 30, 2000 (A)

Federal Grantor Pass-Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution (B)	N/A	10.550		\$123,656		\$124,263
National School Lunch Program (C)	044842 03/04-PU-00	10.555	\$129,236		\$129,236	
Total U.S. Department of Agriculture - Child Nutrition Cluster			\$129,236	\$123,656	\$129,236	\$124,263
<u>U.S. Department of Education</u>						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education- Title VIB	044842-6B-SF-99P	84.027	\$24,891		\$39,677	
Special Education- Title VIB	044842-6B-SF-00P	84.027	373,042		333,400	
Subtotal			397,933		373,077	
Special Education-Pre-School	0044842-PG-S1-99	84.173	0		5,946	
Special Education-Pre-School	044842-PG-S1-00P	84.173	23,553		20,342	
Subtotal			23,553		26,288	
Total Special Education Cluster			\$421,486		\$399,365	
Grants to Local Educational Agencies						
Title I	044842-C1-S1-98C	84.010	0		14,705	
Title I	0044842-C1-S1-99	84.010	0		12,989	
Title I	0044842-C1-S1-00	84.010	114,387		83,347	
Subtotal			114,387		111,041	
Eisenhower Professional Development						
Title II	044842-MS-S1-98C	84.281	(1,000)		3,050	
Title II	0044842-MS-S1-00	84.281	18,390		450	
Title II	044842-MS-S4-99C	84.281	484		5,468	
Subtotal			17,874		8,968	
Adult Education (C)						
Adult Basic Education	044842-AB-S1-98C	84.002	(61)		582	
Adult Basic Education	0044842-AB-S1-99	84.002	0		7,299	
Adult Basic Education	0044842-AB-S1-00	84.002	29,110		41,592	
Subtotal			29,049		49,473	
Innovative Educational Program						
Title VI Innovative Education	044842-C2-S1-99C	84.298	5,008		5,123	
Title VI Innovative Education	0044842-C2-S1-00	84.298	38,244		28,477	
Subtotal			43,252		33,600	
Emergency Immigrant Education						
Subtotal	0044842-E1-S1-00	84.162	2,201		2,088	
Subtotal			2,201		2,088	
Drug Free Schools						
Drug Free Schools	0044842-DR-S1-99	84.186	(739)		4,809	
Drug Free Schools	0044842-DR-S1-00	84.186	28,867		21,499	
Subtotal			28,128		26,308	

STRONGSVILLE CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY  
 Schedule of Federal Awards Expenditures  
 For Fiscal Year Ended June 30, 2000 (A)

Federal Grantor Pass-Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Goals 2000						
Family & School Partnership Grant	044842-G2-S4-99P	84.276	(849)		2,017	
Family & School Partnership Grant	0044842-G2-S4-99	84.276	58,862		51,148	
Family & School Partnership Grant	0044842-G2-S8-00	84.276	2,500		1,419	
Subtotal			60,513		54,584	
Title VI-R Class Size Reduction	0044842-CR-S1-00	84.340	52,254		46,973	
Subtotal			52,254		46,973	
Total U. S. Department of Education			\$769,144	0	\$732,400	0
<u>National Science Foundation</u>						
<i>Direct Grant</i>						
Education and Human Resources Grant	ESI-95-54072	47.076	0		2,927	
Total Federal Assistance			\$898,380	\$123,656	\$864,563	\$124,263

**STRONGSVILLE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2000, the District had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL LUNCH, SPECIAL MILK AND ADULT AND COMMUNITY EDUCATION PROGRAMS**

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

**N/A** - Not applicable.

**CFDA** - Catalog of Federal Domestic Assistance

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JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Strongsville City School District  
Cuyahoga County  
13200 Pearl Road  
Strongsville, Ohio 44136

We have audited the financial statements of the Strongsville City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated April 19, 2001, wherein we noted a restatement of enterprise fund fixed assets. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated April 19, 2001.

Strongsville City School District  
Cuyahoga County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page -2-

This report is intended for the information and use of the audit committee, Board of Education, 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.

**Jim Petro**  
Auditor of State

April 19, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Strongsville City School District  
Cuyahoga County  
13200 Pearl Road  
Strongsville, Ohio 44136

**Compliance**

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

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

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

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 19, 2001.

This report is intended for the information and use of the audit committee, Board of Education, 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.

**Jim Petro**  
Auditor of State

April 19, 2001

**STRONGSVILLE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2000**

**SCHEDULE OF FINDINGS**

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

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**STRONGSVILLE CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 10, 2001**