



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2002**



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

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**STATE OF OHIO**



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual – All Governmental Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity All Proprietary Fund Types	14
Combined Statement of Revenues, Expenses and Changes in Fund Equity Budget (Non-GAAP Basis) and Actual – All Proprietary Fund Types	15
Combined Statement of Cash Flows – All Proprietary Fund Types	18
Notes to the General Purpose Financial Statements	19
Schedule of Federal Awards Expenditures	47
Notes to Schedule of Federal Awards Expenditures	48
Report on Compliance and on Internal Control Required By Government Auditing Standards	49
Report on Compliance and Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	51
Schedule of Findings	53

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2002 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.

The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

**Jim Petro**  
Auditor of State

October 23, 2002

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**Olmsted Falls City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*June 30, 2002*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Assets and Other Debits</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$5,602,715	\$329,818	\$1,415,809	\$98,234
Investments	0	0	287,148	0
Receivables:				
Taxes	16,125,322	0	1,313,837	172,595
Accounts	399	0	0	6,300
Intergovernmental	732	62,330	0	0
Settlement Receivable	2,495,000	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	139,857	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	106,632	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service				
Fund for Retirement of General				
Obligation Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
<b><i>Total Assets and Other Debits</i></b>	<b><u>\$24,470,657</u></b>	<b><u>\$392,148</u></b>	<b><u>\$3,016,794</u></b>	<b><u>\$277,129</u></b>



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$179,911	\$486,700	\$60,374	\$0	\$0	\$8,173,561
0	0	0	0	0	287,148
0	0	0	0	0	17,611,754
0	1,198	0	0	0	7,897
122	0	0	0	0	63,184
0	0	0	0	0	2,495,000
24,566	0	0	0	0	24,566
2,174					142,031
0	0	0	0	0	106,632
199,425	0	0	36,494,491	0	36,693,916
0	0	0	0	1,958,430	1,958,430
0	0	0	0	17,306,414	17,306,414
<u>\$406,198</u>	<u>\$487,898</u>	<u>\$60,374</u>	<u>\$36,494,491</u>	<u>\$19,264,844</u>	<u>\$84,870,533</u>

(continued)

**Olmsted Falls City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 2002*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Liabilities, Fund Equity and Other Credits</i></b>				
<b>Liabilities</b>				
Accounts Payable	\$157,940	\$14,675	\$0	\$10,200
Accrued Wages and Benefits	2,576,445	34,268	0	0
Compensated Absences Payable	38,166	0	0	0
Special Termination Benefits Payable	113,286	0	0	0
Intergovernmental Payable	266,373	2,577	0	0
Deferred Revenue	15,484,789	62,150	1,058,364	139,034
Due to Students	0	0	0	0
Notes Payable	1,470,000	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b><i>Total Liabilities</i></b>	<b><u>20,106,999</u></b>	<b><u>113,670</u></b>	<b><u>1,058,364</u></b>	<b><u>149,234</u></b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	1,070,712	51,930	0	16,284
Reserved for Inventory	139,857	0	0	0
Reserved for Property Taxes	3,135,533	0	255,473	33,561
Reserved for Budget Stabilization	106,632	0	0	0
Unreserved, Undesignated (Deficit)	(89,076)	226,548	1,702,957	78,050
<b><i>Total Fund Equity and Other Credits</i></b>	<b><u>4,363,658</u></b>	<b><u>278,478</u></b>	<b><u>1,958,430</u></b>	<b><u>127,895</u></b>
<b><i>Total Liabilities, Fund Equity and Other Credits</i></b>	<b><u><u>\$24,470,657</u></u></b>	<b><u><u>\$392,148</u></u></b>	<b><u><u>\$3,016,794</u></u></b>	<b><u><u>\$277,129</u></u></b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$273	\$214	\$4,223	\$0	\$0	\$187,525
57,060	0	0	0	0	2,667,773
10,708	0	0	0	2,448,741	2,497,615
0	0	0	0	143,490	256,776
28,491	0	0	0	231,050	528,491
0	0	0	0	0	16,744,337
0	0	56,151	0	0	56,151
0	0	0	0	17,148	1,487,148
0	340,206	0	0	0	340,206
0	0	0	0	1,620,772	1,620,772
0	0	0	0	14,803,643	14,803,643
<u>96,532</u>	<u>340,420</u>	<u>60,374</u>	<u>0</u>	<u>19,264,844</u>	<u>41,190,437</u>
0	0	0	36,494,491	0	36,494,491
134,714	0	0	0	0	134,714
174,952	147,478	0	0	0	322,430
0	0	0	0	0	1,138,926
0	0	0	0	0	139,857
0	0	0	0	0	3,424,567
0	0	0	0	0	106,632
0	0	0	0	0	1,918,479
<u>309,666</u>	<u>147,478</u>	<u>0</u>	<u>36,494,491</u>	<u>0</u>	<u>43,680,096</u>
<u>\$406,198</u>	<u>\$487,898</u>	<u>\$60,374</u>	<u>\$36,494,491</u>	<u>\$19,264,844</u>	<u>\$84,870,533</u>

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002*

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Taxes	\$16,786,586	\$0	\$1,348,477
Intergovernmental	11,244,015	549,186	157,155
Interest	266,241	3,461	0
Tuition and Fees	223,321	0	0
Extracurricular Activities	0	329,606	0
Contributions and Donations	0	85,578	0
Charges for Services	139,587	0	0
Rentals	12,072	900	0
Miscellaneous	566,520	31,496	0
<i>Total Revenues</i>	<u>29,238,342</u>	<u>1,000,227</u>	<u>1,505,632</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	11,813,806	131,269	0
Special	1,967,164	88,075	0
Vocational	330,273	0	0
Adult/Continuing	24,120	0	0
Support Services:			
Pupils	1,165,325	75,256	0
Instructional Staff	777,754	99,302	0
Board of Education	223,105	0	0
Administration	1,969,059	84,915	0
Fiscal	744,440	0	391
Operation and Maintenance of Plant	2,970,213	124	0
Pupil Transportation	1,462,947	0	0
Central	100,105	14,000	0
Operation of Non-Instructional Services	2,951	169,732	0
Extracurricular Activities	876,392	393,383	0
Capital Outlay	1,805,120	0	0
Debt Service:			
Principal Retirement	633,985	0	715,000
Interest	165,296	0	529,588
<i>Total Expenditures</i>	<u>27,032,055</u>	<u>1,056,056</u>	<u>1,244,979</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,206,287	(55,829)	260,653
<b>Other Financing Sources (Uses)</b>			
Inception of Capital Lease	<u>1,750,000</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	3,956,287	(55,829)	260,653
<i>Fund Balances Beginning of Year (Restated-Note 3)</i>	405,996	334,307	1,697,777
Increase in Reserve for Inventory	<u>1,375</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$4,363,658</u></u>	<u><u>\$278,478</u></u>	<u><u>\$1,958,430</u></u>

See accompanying notes to the general purpose financial statements

<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
\$179,051	\$18,314,114
2,621	11,952,977
0	269,702
0	223,321
0	329,606
0	85,578
0	139,587
6,300	19,272
0	598,016
187,972	31,932,173
0	11,945,075
0	2,055,239
0	330,273
0	24,120
0	1,240,581
0	877,056
0	223,105
0	2,053,974
0	744,831
0	2,970,337
0	1,462,947
0	114,105
0	172,683
0	1,269,775
147,153	1,952,273
0	1,348,985
0	694,884
147,153	29,480,243
40,819	2,451,930
0	1,750,000
40,819	4,201,930
87,076	2,525,156
0	1,375
\$127,895	\$6,728,461

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenditures and Changes In  
Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$16,582,736	\$14,971,415	(\$1,611,321)
Intergovernmental	8,836,833	11,269,168	2,432,335
Interest	201,708	257,228	55,520
Tuition and Fees	175,119	223,321	48,202
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	109,458	139,587	30,129
Rentals	9,525	12,147	2,622
Miscellaneous	445,986	568,743	122,757
<i>Total Revenues</i>	<u>26,361,365</u>	<u>27,441,609</u>	<u>1,080,244</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	12,109,123	12,106,236	2,887
Special	2,426,248	2,402,947	23,301
Vocational	341,030	330,882	10,148
Adult/Continuing	24,580	24,120	460
Support Services:			
Pupils	1,226,214	1,209,867	16,347
Instructional Staff	850,377	849,485	892
Board of Education	215,173	208,148	7,025
Administration	2,081,674	2,075,756	5,918
Fiscal	727,017	711,010	16,007
Operation and Maintenance of Plant	3,401,403	3,398,098	3,305
Pupil Transportaton	1,582,605	1,563,296	19,309
Central	143,607	128,636	14,971
Operation of Non-Instructional Services	13,827	11,367	2,460
Extracurricular Activities	903,903	891,299	12,604
Capital Outlay	330,120	328,120	2,000
Debt Service:			
Principal Retirement	592,652	592,652	0
Interest and Fiscal Charges	150,142	150,141	1
<i>Total Expenditures</i>	<u>27,119,695</u>	<u>26,982,060</u>	<u>137,635</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(758,330)	459,549	1,217,879
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	<u>270,000</u>	<u>270,000</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(488,330)	729,549	1,217,879
<i>Fund Balances Beginning of Year</i>	2,994,398	2,994,398	0
Prior Year Encumbrances Appropriated	<u>742,031</u>	<u>742,031</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,248,099</u></u>	<u><u>\$4,465,978</u></u>	<u><u>\$1,217,879</u></u>

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,341,544	\$1,194,519	(\$147,025)
648,518	573,935	(74,583)	38,200	157,155	118,955
3,000	3,461	461	0	0	0
0	0	0	0	0	0
336,866	329,606	(7,260)	0	0	0
149,775	85,578	(64,197)	0	0	0
0	0	0	0	0	0
1,175	900	(275)	0	0	0
38,191	31,496	(6,695)	0	0	0
<u>1,177,525</u>	<u>1,024,976</u>	<u>(152,549)</u>	<u>1,379,744</u>	<u>1,351,674</u>	<u>(28,070)</u>
234,353	144,717	89,636	0	0	0
111,773	101,745	10,028	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
76,052	75,246	806	0	0	0
130,556	106,472	24,084	0	0	0
0	0	0	0	0	0
110,416	76,225	34,191	0	0	0
0	0	0	700	391	309
124	124	0	0	0	0
0	0	0	0	0	0
14,000	14,000	0	0	0	0
216,122	186,528	29,594	0	0	0
431,948	419,613	12,335	0	0	0
0	0	0	0	0	0
0	0	0	720,623	715,000	5,623
0	0	0	529,588	529,588	0
<u>1,325,344</u>	<u>1,124,670</u>	<u>200,674</u>	<u>1,250,911</u>	<u>1,244,979</u>	<u>5,932</u>
(147,819)	(99,694)	48,125	128,833	106,695	(22,138)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(147,819)	(99,694)	48,125	128,833	106,695	(22,138)
278,385	278,385	0	1,596,262	1,596,262	0
86,128	86,128	0	0	0	0
<u>\$216,694</u>	<u>\$264,819</u>	<u>\$48,125</u>	<u>\$1,725,095</u>	<u>\$1,702,957</u>	<u>(\$22,138)</u>

(continued)

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenditures and Changes In  
Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2002*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$178,448	\$158,800	(\$19,648)
Intergovernmental	104,400	2,621	(101,779)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>282,848</u>	<u>161,421</u>	<u>(121,427)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,500	0	4,500
Special	0	0	0
Vocational	1,515	1,515	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	7,777	7,324	453
Board of Education	0	0	0
Administration	0	0	0
Fiscal	600	242	358
Operation and Maintenance of Plant	0	0	0
Pupil Transportaton	0	0	0
Central	10,000	10,000	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	220,955	146,056	74,899
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>245,347</u>	<u>165,137</u>	<u>80,210</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	37,501	(3,716)	(41,217)
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	37,501	(3,716)	(41,217)
<i>Fund Balances Beginning of Year</i>	51,977	51,977	0
Prior Year Encumbrances Appropriated	<u>23,039</u>	<u>23,039</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$112,517</u>	<u>\$71,300</u>	<u>(\$41,217)</u>

See accompanying notes to the general purpose financial statements



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$18,102,728	\$16,324,734	(\$1,777,994)
9,627,951	12,002,879	2,374,928
204,708	260,689	55,981
175,119	223,321	48,202
336,866	329,606	(7,260)
149,775	85,578	(64,197)
109,458	139,587	30,129
10,700	13,047	2,347
484,177	600,239	116,062
<u>29,201,482</u>	<u>29,979,680</u>	<u>778,198</u>
12,347,976	12,250,953	97,023
2,538,021	2,504,692	33,329
342,545	332,397	10,148
24,580	24,120	460
1,302,266	1,285,113	17,153
988,710	963,281	25,429
215,173	208,148	7,025
2,192,090	2,151,981	40,109
728,317	711,643	16,674
3,401,527	3,398,222	3,305
1,582,605	1,563,296	19,309
167,607	152,636	14,971
229,949	197,895	32,054
1,335,851	1,310,912	24,939
551,075	474,176	76,899
1,313,275	1,307,652	5,623
679,730	679,729	1
<u>29,941,297</u>	<u>29,516,846</u>	<u>424,451</u>
(739,815)	462,834	1,202,649
<u>270,000</u>	<u>270,000</u>	<u>0</u>
(469,815)	732,834	1,202,649
4,921,022	4,921,022	0
<u>851,198</u>	<u>851,198</u>	<u>0</u>
<u>\$5,302,405</u>	<u>\$6,505,054</u>	<u>\$1,202,649</u>

**Olmsted Falls City School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Fund Equity  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Revenues</b>			
Sales	\$823,526	\$0	\$823,526
Charges for Services	0	2,222,426	2,222,426
Other Revenue	6,309	0	6,309
<i>Total Operating Revenues</i>	<u>829,835</u>	<u>2,222,426</u>	<u>3,052,261</u>
<b>Operating Expenses</b>			
Salaries and Wages	352,725	0	352,725
Fringe Benefits	118,538	0	118,538
Purchased Services	11,052	325,082	336,134
Materials and Supplies	192,177	0	192,177
Cost of Sales	263,528	0	263,528
Depreciation	31,489	0	31,489
Claims	0	1,791,245	1,791,245
Other	995	0	995
<i>Total Operating Expenses</i>	<u>970,504</u>	<u>2,116,327</u>	<u>3,086,831</u>
<i>Operating Income (Loss)</i>	<u>(140,669)</u>	<u>106,099</u>	<u>(34,570)</u>
<b>Non-Operating Revenues</b>			
Federal Donated Commodities	56,008	0	56,008
Operating Grants	118,849	0	118,849
<i>Total Non-Operating Revenues</i>	<u>174,857</u>	<u>0</u>	<u>174,857</u>
<i>Net Income</i>	34,188	106,099	140,287
<i>Retained Earnings Beginning of Year (Restated - See Note 3)</i>	<u>140,764</u>	<u>41,379</u>	<u>182,143</u>
<i>Retained Earnings End of Year</i>	174,952	147,478	322,430
<i>Contributed Capital Beginning and End of Year</i>	<u>134,714</u>	<u>0</u>	<u>134,714</u>
<i>Total Fund Equity End of Year</i>	<u><u>\$309,666</u></u>	<u><u>\$147,478</u></u>	<u><u>\$457,144</u></u>

See accompanying notes to the general purpose financial statements

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$784,271	\$823,526	\$39,255
Charges for Services	0		0
Operating Grants	113,729	118,849	5,120
Other Revenues	0	6,187	6,187
<i>Total Revenues</i>	898,000	948,562	50,562
<b>Expenses</b>			
Salaries and Wages	337,199	336,600	599
Fringe Benefits	134,662	134,386	276
Purchased Services	15,435	14,593	842
Materials and Supplies	519,336	457,447	61,889
Capital Outlay	25,226	25,226	0
Claims	0	0	0
Other	3,000	1,050	1,950
<i>Total Expenses</i>	1,034,858	969,302	65,556
<i>Excess of Revenues Over (Under) Expenses</i>	(136,858)	(20,740)	116,118
<i>Fund Equity Beginning of Year</i>	143,633	143,633	0
Prior Year Encumbrances Appropriated	9,860	9,862	(2)
<i>Fund Equity End of Year</i>	\$16,635	\$132,755	\$116,116

(continued)

**Olmsted Falls City School District**  
*Combined Statement of Revenues, Expenses and Changes in  
Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types (continued)  
For the Fiscal Year Ended June 30, 2002*

	Internal Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$0	\$0	\$0
Charges for Services	1,900,000	2,221,228	321,228
Operating Grants	0	0	0
Other Revenues	0	0	0
<i>Total Revenues</i>	<u>1,900,000</u>	<u>2,221,228</u>	<u>321,228</u>
<b>Expenses</b>			
Salaries and Wages	0	0	0
Fringe Benefits	0	0	0
Purchased Services	353,467	350,175	3,292
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Claims	1,717,060	1,676,657	40,403
Other	0	0	0
<i>Total Expenses</i>	<u>2,070,527</u>	<u>2,026,832</u>	<u>43,695</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(170,527)	194,396	364,923
<i>Fund Equity Beginning of Year</i>	291,418	291,418	0
Prior Year Encumbrances Appropriated	<u>527</u>	<u>527</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$121,418</u></u>	<u><u>\$486,341</u></u>	<u><u>\$364,923</u></u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$784,271	\$823,526	\$39,255
1,900,000	2,221,228	321,228
113,729	118,849	5,120
0	6,187	6,187
<u>2,798,000</u>	<u>3,169,790</u>	<u>371,790</u>
337,199	336,600	599
134,662	134,386	276
368,902	364,768	4,134
519,336	457,447	61,889
25,226	25,226	0
1,717,060	1,676,657	40,403
3,000	1,050	1,950
<u>3,105,385</u>	<u>2,996,134</u>	<u>109,251</u>
(307,385)	173,656	481,041
435,051	435,051	0
10,387	10,389	(2)
<u>\$138,053</u>	<u>\$619,096</u>	<u>\$481,039</u>

**Olmsted Falls City School District**  
*Combined Statement of Cash Flows*  
*All Proprietary Fund Types*  
*For the Fiscal Year Ended June 30, 2001*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$823,526	\$0	\$823,526
Cash Received from Quasi-External Transactions with Other Funds	0	2,221,228	2,221,228
Cash Received from Others	6,187	0	6,187
Cash Payments to Suppliers for Goods and Services	(424,935)	(349,817)	(774,752)
Cash Payments to Employees for Services	(470,986)	0	(470,986)
Cash Payments for Claims	0	(1,676,657)	(1,676,657)
Cash Payments for Other	(995)	0	(995)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(67,203)	194,754	127,551
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants Received	118,849	0	118,849
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Capital Acquisitions	(25,226)	0	(25,226)
<i>Net Increase in Cash and Cash Equivalents</i>	26,420	194,754	221,174
<i>Cash and Cash Equivalents Beginning of Year</i>	153,491	291,946	445,437
<i>Cash and Cash Equivalents End of Year</i>	\$179,911	\$486,700	\$666,611
<b><i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i></b>			
Operating Income (Loss)	(\$140,669)	\$106,099	(\$34,570)
Adjustments:			
Depreciation	31,489	0	31,489
Donated Commodities Received During Year	42,344	0	42,344
Decrease in Assets:			
Accounts Receivable	(122)	(1,198)	(1,320)
Inventory Held for Resale	(5,243)	0	(5,243)
Materials and Supplies Inventory	(454)	0	(454)
Increase (Decrease) in Liabilities:			
Accounts Payable	(8,902)	(24,735)	(33,637)
Accrued Wages	333	0	333
Compensated Absences Payable	(2,184)	0	(2,184)
Intergovernmental Payable	16,205	0	16,205
Claims Payable	0	114,588	114,588
<i>Total Adjustments</i>	73,466	88,655	162,121
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$67,203)	\$194,754	\$127,551

**Non-Cash Non Capital Activity:**

Federal donated commodities in the amount of \$56,008 were recorded as revenue when received.

See accompanying notes to the general purpose financial statements

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

The Olmsted Falls City School District operates under a locally elected five member Board and provides educational services as mandated by State and federal agencies. The School District, located in Cuyahoga and Lorain Counties with the majority of the district located in Cuyahoga County, includes the City of Olmsted Falls, a small portion of the City of Berea, Olmsted Township and a small portion of Columbia Hills Township. All of the communities served are located in Cuyahoga County with the exception of Columbia Hills Township, which is located in Lorain County. It is staffed by 130 non-certified personnel, 214 certified full-time teaching personnel and 14 administrative employees to provide services to 3,150 students and other community members. The School District operates one primary school (K-3), one intermediate school (4-5), one middle school (6-8), and one high school (9-12).

*Reporting Entity*

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

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

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

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

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

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

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

*Governmental Fund Types:*

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

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

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

*Proprietary Fund Types:*

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



**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

*Fiduciary Fund Type:*

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's only fiduciary funds are agency funds. Agency funds are purely custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups:*

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

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

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

***B. Measurement Focus and Basis of Accounting***

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

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

**Revenue Recognition** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

**Deferred Revenue** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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***C. Budgetary Process***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year, with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations at the function and object level without resolution by the Board of Education.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

*Estimated Resources:*

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

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level for all funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Allocations of appropriations among functions within a fund may be made during the fiscal year by the Treasurer without Board approval.

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

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

*Encumbrances:*

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

*Lapsing of Appropriations:*

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

***D. Cash and Investments***

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

During fiscal year 2002, investments were limited to manuscript bonds and notes, STAROhio, and repurchase agreements.

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$266,241 which includes \$64,832 assigned from other School District funds.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

***E. Inventory***

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

***F. Fixed Assets and Depreciation***

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

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

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

***G. Interfund Assets/Liabilities***

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

***H. Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***J. Accrued Liabilities and Long-Term Obligations***

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

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

***K. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

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

***L. Fund Balance Reserves***

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes and budget stabilization.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents workers' compensation refund monies.

***M. Contributed Capital***

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

***N. Estimates***

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

***O. Memorandum Only - Totals Columns***

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

**Note 3 – Restatement of Fund Equity**

The special revenue fund balance at June 30, 2001 was restated from \$334,185 to \$334,307, due to an overstatement of intergovernmental payable.

During the current fiscal year, the School District had a reappraisal of its fixed assets, which caused the enterprise fund retained earnings to be restated from \$120,236 to \$140,764 and general fixed assets to be restated from \$34,888,198 to \$34,158,477 at June 30, 2001.

**Note 4 - Fund Deficits**

Fund balances at June 30, 2002 included the following individual fund deficits:

<b>Special Revenue Funds</b>	
Management Information Systems	\$65
Summer Intervention	227
Title I	4,912
Teacher Development Block Grant	61
Title VI-B	3,413

The special revenue fund deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$3,956,287	(\$55,829)	(\$9,347)	\$40,819
Revenue Accruals	(1,247,720)	24,749	(423,958)	(26,551)
Fair Value Adjustment for Investments	(9,013)	0	0	0
Expenditure Accruals	(465,649)	(3,615)	0	8,950
Transfers for Debt	(270,000)	0	270,000	0
Encumbrances	(1,234,356)	(64,999)	0	(26,934)
Budget Basis	\$729,549	(\$99,694)	(\$163,305)	(\$3,716)



**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Net Income/Excess of Revenue Over (Under) Expenses  
Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$34,188	\$106,099
Revenue Accrual	(56,130)	(1,198)
Expense Accrual	94,141	89,854
Donated Commodities	(52,046)	0
Depreciation Expense	31,489	0
Capital Outlay	(25,226)	0
Encumbrances	(47,156)	(359)
Budget Basis	(\$20,740)	\$194,396

**Note 6 - Deposits and Investments**

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

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

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

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

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

*Cash on Hand:* At year end, the School District had \$3,850 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

*Deposits:* At year-end, the carrying amount of the School District's deposits was \$5,824,990 and the bank balance was \$6,073,290. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$5,973,290 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the School District's name and all 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.

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

	Category 1	Category 3	Carrying Value	Fair Value
Federal Home Loan Mortgage Notes	\$0	\$997,780	\$997,780	\$997,780
Manuscript Notes	270,000	0	270,000	270,000
Manuscript Bonds	17,148	0	17,148	17,148
STAROhio			1,453,573	1,453,573
Total	\$287,148	\$997,780	\$2,738,501	\$2,738,501

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$8,280,193	\$287,148
Investments which are part of the cash management pool:		
Federal Home Loan Mortgage Notes	(997,780)	997,780
STAROhio	(1,453,573)	1,453,573
Cash on Hand	(3,850)	0
GASB Statement 3	\$5,824,990	\$2,738,501

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of the prior January 1, 2002 the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2003 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$329,779,100	92.85 %	\$345,359,350	93.58 %
Public Utility Personal	15,415,390	4.34	12,988,200	3.52
Tangible Personal Property	9,980,404	2.81	10,720,867	2.90
<b>Total Assessed Value</b>	<b>\$355,174,894</b>	<b>100.00 %</b>	<b>\$369,068,417</b>	<b>100.00 %</b>
 Tax rate per \$1,000 of assessed valuation	 \$92.70		 \$92.40	

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

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

The Cuyahoga and Lorain County Treasurers collect property taxes on behalf of all taxing districts in the county, including Olmsted Falls City School District. The County Auditors periodically remit to the School District its portion of taxes. Second-half real property tax payments collected by the Counties by

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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June 30, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, personal property and public utility taxes which are measurable as of June 30, 2002 and for which there is an enforceable claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes 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, 2002, was \$3,424,567. \$3,135,533 was available to the general fund, \$255,473 was available to the debt service fund and \$33,561 was available to the classroom facilities capital projects fund. The amount available as an advance at June 30, 2001, was \$1,252,676. \$1,146,950 was available to the general fund, \$93,450 was available to the debt service fund and \$12,276 was available to the classroom facilities capital projects fund.

**Note 8 - Receivables**

Receivables at June 30, 2002, consisted of property taxes, accounts (rent and miscellaneous), interfund, and intergovernmental grants. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<b>General Fund</b>	\$732
<b>Special Revenue Funds</b>	
Athletics and Music	\$180
Eisenhower Grant	1,073
Title VI-B	51,521
Title VI	5,956
Drug Free Schools	3,600
Total Special Revenue Funds	62,330
<b>Enterprise Fund</b>	
Food Service	122
Grand Total	\$63,184

**Note 9 - Settlement Receivable**

The Olmsted Falls City School District in conjunction with Olmsted Township challenged a real property tax exemption claimed and received by The Renaissance Retirement Center. The exemption was granted for the tax years 1991 to 2006. This exemption was based on the facility providing medical services as a hospital. The challenge was appealed until reaching the Ohio Supreme Court. The Ohio Supreme Court ruled that some portion of the property was and is taxable. The taxable portion was then disputed. On

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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May 13, 1998 a settlement was reached between The Renaissance Retirement Center, Olmsted Township, and Olmsted Falls City School District which provides a mortgage to Olmsted Falls City School District and Olmsted Township on several properties owned by The Renaissance Retirement Center. The settlement provides that The Renaissance Retirement Center shall make payments directly to the Olmsted Falls City School District. In the event of a default on the payments by The Renaissance Retirement Center, the mortgage provided by the settlement allows the Olmsted Falls City School District and Olmsted Township to foreclose on several properties owned by the Renaissance Retirement Center. The payments are to be made semi-annually beginning in January 1999 and continuing through July 2007. The total future payments of \$2,495,000 are reflected on the financial statements as settlement receivable and deferred revenue in the general fund.

**Note 10 - Fixed Assets**

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land and Improvements	\$1,272,476	\$1,750,000	\$0	\$3,022,476
Buildings	22,402,577	0	0	22,402,577
Furniture and Equipment	5,514,881	372,279	1,926	5,885,234
Vehicles	1,942,137	215,661	0	2,157,798
Textbooks and Library Books	3,026,406	0	0	3,026,406
<b>Total</b>	<b>\$34,158,477</b>	<b>\$2,337,940</b>	<b>\$1,926</b>	<b>\$36,494,491</b>

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$680,110
Less Accumulated Depreciation	<u>(480,685)</u>
Net Fixed Assets	<u><u>\$199,425</u></u>

**Note 11 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with the Nationwide Commercial Insurance Company for property insurance. The deductible is \$1,000 per incident. Vehicles are insured with Nationwide as well and have a \$250 deductible. Professional liability is protected by the Nationwide Mutual Insurance Company for all Board Members, administrators, and employees with limits of \$2,000,000 per occurrence and \$5,000,000 aggregate limit.

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

The School District has elected to provide medical/surgical, vision, prescription and dental coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risk of loss in this program. A third party administrator, Medical Mutual of Ohio, reviews all claims which are then paid by the School District. The premiums are paid by the fund that pays the salary for the employee.

The claims liability of \$340,206 reported in the internal service fund at June 30, 2002 is based on an estimate provided by the third party administrator. The requirements of Governmental Accounting Standards Board Statement No. 30 require that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2000, 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2000	\$158,150	\$1,231,193	\$1,218,900	\$170,443
2001	170,443	1,466,727	1,411,552	225,618
2002	225,618	1,791,245	1,676,657	340,206

**Note 12 - Defined Benefit Pension Plans**

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

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent of annual covered salary was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$231,466, \$158,877 and \$271,043, respectively; 40.02 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$106,792 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,123,871, \$1,031,040 and \$594,921, respectively; 94.35 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$63,470 represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**Note 13 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$532,360 for fiscal year 2002.



**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$426,687.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

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

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

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

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

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

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**Note 15 - Leases**

***A. Capital Leases***

General fixed assets consisting of land, equipment, vehicles, and furniture and fixtures acquired through capital leases have been capitalized in the general fixed assets account group in the amount of \$2,618,032. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$401,333 in the governmental funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

Fiscal Year Ending June 30,	GLTOAG
2003	\$473,277
2004	465,403
2005	391,975
2006	437,807
Total	1,768,462
Less: Amount Representing Interest	(147,690)
Present Value of Net Minimum Lease Payments	\$1,620,772

***B. Operating Leases***

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

Fiscal Year Ending June 30,	
2003	\$70,884
2004	25,201
2005	7,353
2006	7,353
2007	3,675
Total	\$114,466

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**Note 16 – Long Term Obligations**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
<b>General Obligation Bonds</b>				
1995 5.10-5.85%				
Classroom Facilities Improvement	\$6,715,000	\$0	\$170,000	\$6,545,000
1995 Varying Interest Rates				
Energy Conservation Improvement	625,000	0	125,000	500,000
1997 3.85-4.55%				
School Improvement Refunding	3,570,000	0	545,000	3,025,000
1997 6.5-6.75%				
School Improvement Refunding				
Capital Appreciation Debt	3,769,510	254,611	0	4,024,121
1998 4.60%				
Various Purpose Improvement	195,000	0	30,000	165,000
2000 6.12%				
Energy Conservation Improvement	605,025	0	60,503	544,522
<i>Total General Obligation Bonds</i>	<u>15,479,535</u>	<u>254,611</u>	<u>930,503</u>	<u>14,803,643</u>
<b>General Obligation Note</b>				
1992 5.75%				
Energy Conservation Improvement	34,297	0	17,149	17,148
<b>Capital Leases</b>				
1996 5.75% Orix Musical Instruments	3,142	0	3,142	0
1996 6.59% National City Bank Computers	46,475	0	46,475	0
1997 10.00% FirstMerit Computers	42,083	0	33,241	8,842
1998 5.54% Blue Bird Buses	68,968	0	21,764	47,204
1998 5.54% Blue Bird Buses	51,716	0	11,903	39,813
1998 8.34% Merrick Chevrolet Vans	34,889	0	5,679	29,210
1999 10.95% Inter-Tel Phone Equipment	24,832	0	9,129	15,703
2002 5.25% Land	0	1,750,000	270,000	1,480,000
<i>Total Capital Leases</i>	<u>272,105</u>	<u>1,750,000</u>	<u>401,333</u>	<u>1,620,772</u>
Pension Obligation	260,302	231,050	260,302	231,050
Special Termination Benefits Payable	69,589	73,901	0	143,490
Compensated Absences	2,456,067	240,753	248,079	2,448,741
<i>Total General Long-Term Obligations</i>	<u><u>\$18,571,895</u></u>	<u><u>\$2,550,315</u></u>	<u><u>\$1,857,366</u></u>	<u><u>\$19,264,844</u></u>

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

The 1997 general obligation bonds include capital appreciation bonds. This year the addition on these bonds include \$254,611, which represents the accretion of discounted interest remaining in fiscal year 2002 on the capital appreciation bonds. The final maturity amount of these bonds is \$6,575,000.

The School District's overall voted legal debt margin at June 30, 2002, was \$45,286,759 with an unvoted debt margin of \$369,067 at June 30, 2002. Principal and interest requirements to retire general obligation bonds and notes outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Notes		Total
	Principal	Interest	Principal	Interest	
2003	\$1,237,314	\$557,038	\$17,148	\$986	\$1,812,486
2004	1,315,678	508,800	0	0	1,824,478
2005	1,435,281	455,962	0	0	1,891,243
2006	1,526,210	398,366	0	0	1,924,576
2007	1,503,553	340,144	0	0	1,843,697
2008-2012	5,261,485	4,558,048	0	0	9,819,533
2013-2018	5,075,000	941,412	0	0	6,016,412
Total	<u>\$17,354,521</u>	<u>\$7,759,770</u>	<u>\$17,148</u>	<u>\$986</u>	<u>\$25,132,425</u>

**Note 17 - Fund Obligations**

The School District's note and loan activity for the fiscal year ended June 30, 2002, was as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
<i>General Fund:</i>				
1999 5.50% Tax Anticipation Note	\$1,560,000	\$0	\$360,000	\$1,200,000
2002 2.50% Manuscript Note	0	270,000	0	270,000
<i>Total Fund Obligations</i>	<u>\$1,560,000</u>	<u>\$270,000</u>	<u>\$360,000</u>	<u>\$1,470,000</u>

The notes are backed by the full faith and credit of the Olmsted Falls City School District. The 1999 notes matures in 2005 and the 2002 notes mature in 2007. The note liability is reflected in the fund which received the proceeds.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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The 1999 tax anticipation notes will mature in fiscal year 2005 and the manuscript notes mature in fiscal year 2003. Principal and interest requirements to retire notes outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	Notes		Total
	Principal	Interest	
2003	\$650,000	\$62,300	\$712,300
2004	400,000	34,100	434,100
2005	420,000	11,550	431,550
Total	\$1,470,000	\$107,950	\$1,577,950

**Note 18 - Jointly Governed Organizations**

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

The Lake Erie Education Computer Association (LEECA) is a jointly governed organization among thirty School Districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. The Olmsted Falls City School District paid \$23,028 to LEECA in fiscal year 2002. Each School district supports LEECA based on a per pupil charge dependent upon the software packages used. Financial information can be obtained by contacting the Treasurer at the Lorain County Educational Service Center, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio 44035.

***B. Ohio Schools Council***

The Ohio Schools Council Association (Council) is a jointly governed organization among 91 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2002, the School District paid \$750 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Rd., Suite 10, Independence, Ohio 44131.

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

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

***C. Polaris Career Center***

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Board of Education is comprised of representatives from the board of each participating school district. The board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. Olmsted Falls City School District students may attend the vocational school. Each school district's control is limited to its representation on the board. The School District did not contribute to Polaris Career Center during fiscal year 2002. Financial information can be obtained by contacting the Treasurer at the Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio.

**Note 19 - Insurance Purchasing Pool**

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

**Note 20 - Set Asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside.

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$106,632.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-Aside Reserve Balance as of June 30, 2001	(\$94,680)	(\$386,144)	\$106,632
Current Year Set-Aside Requirement	614,667	614,667	0
Offsets	0	(160,182)	
Qualifying Disbursements	<u>(691,504)</u>	<u>(877,499)</u>	<u>0</u>
Totals	<u>(171,517)</u>	<u>(809,158)</u>	<u>106,632</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$171,517)</u>	<u>\$0</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$106,632</u>

**Note 21 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

**B. Litigation**

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

**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**Note 22 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supply sales. The table below reflects the more significant financial data relating to the enterprise funds of the Olmsted Falls City School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$717,287	\$112,548	\$829,835
Depreciation Expense	31,489	0	31,489
Operating Income (Loss)	(153,910)	13,241	(140,669)
Donated Commodities	56,008	0	56,008
Operating Grants	118,849	0	118,849
Net Income (Loss)	20,947	13,241	34,188
Net Working Capital	77,037	43,912	120,949
Total Assets	362,286	43,912	406,198
Fixed Asset Additions	25,226	0	25,226
Long-Term Compensated Absences	10,708	0	10,708
Total Equity	265,754	43,912	309,666
Encumbrances June 30, 2002	38,966	8,190	47,156

**Note 23 –State School Funding Decision**

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

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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



**Olmsted Falls City School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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**OLMSTED FALLS CITY SCHOOL DISTRICT**  
**CUYAHOGA COUNTY**  
**Schedule of Federal Awards Expenditures**  
**FOR THE YEAR ENDED June 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$54,523	0	\$50,055
National School Breakfast	046573 05-PU-02	10.553	9,078	0	9,078	0
National School Lunch Program	046573 LL-P4-02	10.555	109,771	0	109,771	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			<b>118,849</b>	<b>54,523</b>	<b>118,849</b>	<b>50,055</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	046573 6B-SF-01	84.027	8,419	0	47,795	0
	046573 6B-SF-02		186,844	0	166,489	0
Total CFDA			195,263	0	214,284	0
Special Education - Preschool Grant	046573 PG-S1-01	84.173	0	0	3,379	0
	046573 PG-S1-02		19,365	0	18,952	0
Total CFDA			19,365	0	22,331	0
Total Special Education Cluster			214,628	0	236,615	0
Grants to Local Educational Agencies (ESEA Title I)	046573 C1-S1-01	84.010	0	0	5,289	0
	046573 C1-S1-02		49,137	0	49,137	0
Total CFDA			49,137	0	54,426	0
Innovative Educational Program Strategies	046573 C2-S1-01	84.298	75	0	3,739	0
	046573 C2-S1-02		11,176	0	8,962	0
Total CFDA			11,251	0	12,701	0
Drug-Free Schools Grant	046573 DR-S1-01	84.186	3,724	0	3,784	0
	046573 DR-S1-02		8,406	0	7,042	0
Total CFDA			12,130	0	10,826	0
Goals 2000	046573 G2-SP-01	84.276	1,849	0	1,752	0
Total CFDA			1,849	0	1,752	0
Eisenhower Professional Development	046573 MS-S1-01	84.281	0	0	1,471	0
	046573 MS-S1-02		9,653	0	2,811	0
Total CFDA			9,653	0	4,282	0
Class Size Reduction	046573 CR-S1-01	84.340	0	0	1,487	0
	046573 CR-S1-02		31,850	0	31,850	0
Total CFDA			31,850	0	33,337	0
School Renovation Assistive Technology	046573 AT-S1-02	84.352A	4,097	0	2,935	0
Total CFDA			4,097	0	2,935	0
Total Department of Education			<b>334,595</b>	<b>0</b>	<b>356,874</b>	<b>0</b>
<b>Totals</b>			<b><u>\$453,444</u></b>	<b><u>\$54,523</u></b>	<b><u>\$475,723</u></b>	<b><u>\$50,055</u></b>

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

**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
Fiscal Year Ended June 30, 2002**

**Notes to Schedule of Federal Awards Expenditures**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2002, the District had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL LUNCH PROGRAM**

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

N/A - Not Applicable

CFDA – Catalog of Federal Domestic Assistance



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

We have audited the financial statements of Olmsted Falls City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated October 23, 2002.

**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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 23, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

October 23, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

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

**Compliance**

We have audited the compliance of Olmsted Falls City School District, Cuyahoga County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 each of its major federal programs for the year ended June 30, 2002.

**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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 23, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

October 23, 2002



**OLMSTED FALLS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2002**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**OLMSTED FALLS CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 10, 2002**