



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

**SINGLE AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**Sheffield-Sheffield Lake City School District  
Lorain County**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

March 13, 2001

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**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Combined Balance Sheet**  
*All Fund Types and Account Groups*  
**(With Comparative Totals at June 30, 1999)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$731,366	\$424,300	\$0	\$37,802
Restricted Cash	114,270	0	0	0
Receivables:				
Taxes	5,492,945	2,226,225	0	0
Accounts	14,036	0	0	0
Intergovernmental Receivable	69,278	29,061	0	0
Inventory	52,321	0	0	0
Fixed Assets (Net of Accumulated Depreciation In Enterprise Funds)	0	0	0	0
Other Debits:				
Amount To Be Provided for Benefits	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
<b>Total Assets</b>	<b><u>\$6,474,216</u></b>	<b><u>\$2,679,586</u></b>	<b><u>\$0</u></b>	<b><u>\$37,802</u></b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities</b>				
Accounts and Contracts Payable	\$25,080	\$23,515	\$0	\$7,365
Accrued Wages and Benefits	1,358,050	152,453	0	0
Deferred Revenue	4,657,206	1,780,181	0	0
Intergovernmental Payable	0	48,017	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Notes Payable	0	460,000	0	0
Capital Leases Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>6,040,336</u></b>	<b><u>2,464,166</u></b>	<b><u>0</u></b>	<b><u>7,365</u></b>
<b>Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Unreserved Retained Earnings	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	32,945	34,936	0	16,307
Reserved for Inventory	52,321	0	0	0
Reserved for Property Tax Advance	905,017	446,044	0	0
Reserved for Endowments	0	0	0	0
Reserved for Budget Stabilization	114,270	0	0	0
Unreserved, Undesignated	(670,673)	(265,560)	0	14,130
<b>Total Fund Equity</b>	<b><u>433,880</u></b>	<b><u>215,420</u></b>	<b><u>0</u></b>	<b><u>30,437</u></b>
<b>Total Liabilities, Equity and Other Credits</b>	<b><u>\$6,474,216</u></b>	<b><u>\$2,679,586</u></b>	<b><u>\$0</u></b>	<b><u>\$37,802</u></b>

See Notes to General Purpose Financial Statements



Proprietary Fund Type	Fiduciary Trust and Agency	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	Obligations	2000	1999
\$49,125	\$71,841	\$0	\$0	\$1,314,434	\$1,260,950
0	0	0	0	114,270	114,270
0	0	0	0	7,719,170	7,778,951
152	3,432	0	0	17,620	6,769
14,632	0	0	0	112,971	100,375
8,125	0	0	0	60,446	69,739
10,274	0	9,936,529	0	9,946,803	9,484,682
0	0	0	1,568,382	1,568,382	1,492,061
0	0	0	749,096	749,096	847,410
<b>\$82,308</b>	<b>\$75,273</b>	<b>\$9,936,529</b>	<b>\$2,317,478</b>	<b>\$21,603,192</b>	<b>\$21,155,207</b>
\$0	\$0	\$0	\$0	\$55,960	\$80,442
46,554	0	0	1,568,382	3,125,439	3,036,786
3,122	0	0	0	6,440,509	6,867,933
0	0	0	0	48,017	0
0	61,668	0	0	61,668	49,447
0	10,166	0	0	10,166	9,589
0	0	0	686,000	1,146,000	1,671,414
0	0	0	63,096	63,096	95,996
<b>49,676</b>	<b>71,834</b>	<b>0</b>	<b>2,317,478</b>	<b>10,950,855</b>	<b>11,811,607</b>
0	0	9,936,529	0	9,936,529	9,475,654
32,632	0	0	0	32,632	29,467
0	0	0	0	84,188	230,613
0	0	0	0	52,321	61,938
0	0	0	0	1,351,061	993,333
0	104	0	0	104	0
0	0	0	0	114,270	114,270
0	3,335	0	0	(918,768)	(1,561,675)
<b>32,632</b>	<b>3,439</b>	<b>9,936,529</b>	<b>0</b>	<b>10,652,337</b>	<b>9,343,600</b>
<b>\$82,308</b>	<b>\$75,273</b>	<b>\$9,936,529</b>	<b>\$2,317,478</b>	<b>\$21,603,192</b>	<b>\$21,155,207</b>

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
*All Governmental Fund Types and Expendable Trust Fund*  
**For the Fiscal Year Ended June 30, 2000**  
**(With Comparative Totals at June 30, 1999)**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Revenues</b>				
Taxes	\$5,622,901	\$2,254,368	\$0	\$0
Tuition	65,711	0	0	0
Earnings on Investments	123,886	1,894	0	0
Extracurricular Activities	0	88,086	0	0
Intergovernmental	5,717,247	933,249	0	4,000
Other	41,224	61,597	0	0
<b>Total Revenues</b>	<b>11,570,969</b>	<b>3,339,194</b>	<b>0</b>	<b>4,000</b>
<b>Expenditures</b>				
Current:				
Regular and Special Instruction	6,185,622	1,553,091	0	0
Vocational and Other Instruction	541,404	4,630	0	0
Support Services:				
Pupil Services	762,785	45,139	0	0
Instructional Staff	160,591	157,339	0	33,608
Administration	1,061,427	82,352	0	0
Business and Fiscal Services	413,922	84,278	0	0
Plant Operation and Maintenance	847,399	586,072	0	189,383
Pupil Transportation	446,432	160,444	0	0
Central	51,692	55,944	0	0
Community Services	0	89,279	0	0
Extracurricular	310,961	74,287	0	0
Capital Outlay	694	20,595	0	0
Debt Service:				
Principal	0	0	65,414	0
Interest and Fiscal Charges	0	6,936	60,288	0
<b>Total Expenditures</b>	<b>10,782,929</b>	<b>2,920,386</b>	<b>125,702</b>	<b>222,991</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>788,040</b>	<b>418,808</b>	<b>(125,702)</b>	<b>(218,991)</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Assets	1,555	0	0	0
Sale of Notes	0	0	0	0
Operating Transfers In	30,360	13,000	125,702	0
Operating Transfers Out	(168,702)	(30,360)	0	0
Inception of Capital Lease	0	20,595	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(136,787)</b>	<b>3,235</b>	<b>125,702</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	651,253	422,043	0	(218,991)
Fund Balances (Deficit) Beginning of Year	(207,756)	(206,623)	0	249,428
Increase (Decrease) in Reserve for Inventory	(9,617)	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$433,880</b>	<b>\$215,420</b>	<b>\$0</b>	<b>\$30,437</b>

See Notes to General Purpose Financial Statements

Fiduciary Fund Types	Totals	
	(Memorandum Only)	
	Trust	2000
\$0	\$7,877,269	\$7,414,692
0	65,711	30,495
0	125,780	116,886
0	88,086	94,718
0	6,654,496	5,886,941
9	102,830	41,938
<b>9</b>	<b>14,914,172</b>	<b>13,585,670</b>
0	7,738,713	7,297,105
0	546,034	642,486
0	807,924	911,356
0	351,538	214,628
0	1,143,779	1,107,745
0	498,200	457,616
0	1,622,854	2,029,961
0	606,876	721,716
0	107,636	133,540
0	89,279	52,591
0	385,248	361,413
0	21,289	550
0	65,414	44,000
0	67,224	79,771
<b>0</b>	<b>14,052,008</b>	<b>14,054,478</b>
<b>9</b>	<b>862,164</b>	<b>(468,808)</b>
0	1,555	9,800
0	0	795,414
0	169,062	592,997
0	(199,062)	(652,997)
0	20,595	0
<b>0</b>	<b>(7,850)</b>	<b>745,214</b>
9	854,314	276,406
3,326	(161,625)	(439,118)
0	(9,617)	1,087
<b>\$3,335</b>	<b>\$683,072</b>	<b>(\$161,625)</b>

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2000**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
Taxes	\$5,382,742	\$5,382,742		\$5,382,742	\$0
Tuition	79,003	62,927		62,927	(16,076)
Earnings on Investments	124,248	123,886		123,886	(362)
Intergovernmental	5,595,591	5,715,897		5,715,897	120,306
Classroom Materials and Fees	2,000	1,827		1,827	(173)
Other	37,362	39,016		39,016	1,654
<b>Total Revenues</b>	<b>11,220,946</b>	<b>11,326,295</b>		<b>11,326,295</b>	<b>105,349</b>
<b>Expenditures</b>					
Current:					
Regular Instruction	5,125,000	5,059,655	\$30,071	5,089,726	35,274
Special Instruction	1,133,130	1,103,796	0	1,103,796	29,334
Vocational and Other Instruction	540,830	539,738	0	539,738	1,092
Supporting Services:					
Pupil Services	797,100	776,879	0	776,879	20,221
Instructional Staff	156,850	151,521	2,874	154,395	2,455
Administration	1,067,980	1,068,182	0	1,068,182	(202)
Business and Fiscal Services	415,900	413,108	0	413,108	2,792
Plant Operation and Maintenance	850,400	836,061	0	836,061	14,339
Pupil Transportation	440,300	436,493	0	436,493	3,807
Central	61,100	58,139	0	58,139	2,961
Extracurricular	318,200	311,145	0	311,145	7,055
Other	694	694	0	694	0
<b>Total Expenditures</b>	<b>10,907,484</b>	<b>10,755,411</b>	<b>32,945</b>	<b>10,788,356</b>	<b>119,128</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>313,462</b>	<b>570,884</b>	<b>(32,945)</b>	<b>537,939</b>	<b>224,477</b>
<b>Other Financing Sources (Uses)</b>					
Sale of Assets	660	1,555	0	1,555	895
Refund of PY Expenditures	326	326	0	326	0
Operating Transfer In	30,360	30,360	0	30,360	0
Operating Transfers Out	(170,000)	(168,702)	0	(168,702)	1,298
<b>Total Other Financing Sources (Uses)</b>	<b>(138,654)</b>	<b>(136,461)</b>	<b>0</b>	<b>(136,461)</b>	<b>2,193</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	174,808	434,423	(\$32,945)	\$401,478	\$226,670
Fund Balance Beginning of Year	411,213	411,213			
<b>Fund Balance End of Year</b>	<b>\$586,021</b>	<b>\$845,636</b>			

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District  
Lorain County  
Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)  
All Governmental Fund Types - continued  
*Special Revenue Funds*  
For the Fiscal Year Ended June 30, 2000

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
Taxes	\$2,030,994	\$2,136,799		\$2,136,799	\$105,805
Earnings on Investments	1,894	1,894		1,894	0
Intergovernmental	904,188	904,188		904,188	0
Extracurricular	88,086	88,086		88,086	0
Other	61,442	61,442		61,442	0
<b>Total Revenues</b>	<b>3,086,604</b>	<b>3,192,409</b>		<b>3,192,409</b>	<b>105,805</b>
<b>Expenditures</b>					
Current:					
Regular Instruction	1,000,000	964,653	\$0	964,653	35,347
Special Instruction	735,927	584,187	0	584,187	151,740
Vocational and Other Instruction	5,000	4,630	0	4,630	370
Supporting Services:					
Pupil Services	62,000	61,460	0	61,460	540
Instructional Staff	166,000	165,792	0	165,792	208
Administration	82,000	81,974	0	81,974	26
Business and Fiscal Services	100,000	83,694	14,036	97,730	2,270
Plant Operation and Maintenance	585,550	564,437	20,000	584,437	1,113
Pupil Transportation	162,000	161,520	0	161,520	480
Central	57,000	55,792	900	56,692	308
Food Services				0	0
Community Services	90,000	85,997	0	85,997	4,003
Extracurricular	74,300	74,287	0	74,287	13
<b>Total Expenditures</b>	<b>3,119,777</b>	<b>2,888,423</b>	<b>34,936</b>	<b>2,923,359</b>	<b>196,418</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(33,173)</b>	<b>303,986</b>	<b>(34,936)</b>	<b>269,050</b>	<b>302,223</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfer In	13,000	13,000	0	13,000	0
Operating Transfers Out	(497,296)	(497,296)	0	(497,296)	0
Refund of PY Receipts	155	155	0	155	0
<b>Total Other Financing Sources (Uses)</b>	<b>(484,141)</b>	<b>(484,141)</b>	<b>0</b>	<b>(484,141)</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(517,314)	(180,155)	<u>(\$34,936)</u>	<u>(\$215,091)</u>	<u>302,223</u>
Fund Balances Beginning of Year	604,455	604,455			
<b>Fund Balances End of Year</b>	<b>\$87,141</b>	<b>\$424,300</b>			

See Notes to General Purpose Financial Statements

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types - continued**  
*Debt Service Fund*  
**For the Fiscal Year Ended June 30, 2000**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance Favorable Unfavorable)</u>
<b>Expenditures</b>					
Debt Service:					
Principal	\$0	\$525,414	\$0	\$525,414	(\$525,414)
Interest	0	67,224	0	67,224	(67,224)
<b>Total Expenditures</b>	<u>0</u>	<u>592,638</u>	<u>0</u>	<u>592,638</u>	<u>(592,638)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>0</b>	<b>(592,638)</b>	<b>0</b>	<b>(592,638)</b>	<b>(592,638)</b>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers In	0	592,638	0	592,638	592,638
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>592,638</u>	<u>0</u>	<u>592,638</u>	<u>592,638</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund Balance Beginning of Year	0	0			
<b>Fund Balance End of Year</b>	<u>\$0</u>	<u>\$0</u>			

See Notes to General Purpose Financial Statements

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types - continued**  
*Capital Projects Funds*  
**For the Fiscal Year Ended June 30, 2000**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Actual Plus Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
Intergovernmental	<u>\$3,000</u>	<u>\$4,000</u>		<u>\$4,000</u>	<u>\$1,000</u>
<b>Total Revenues</b>	<b>3,000</b>	<b>4,000</b>		<b>4,000</b>	<b>1,000</b>
<b>Expenditures</b>					
Current:					
Supporting Services:					
Instructional Staff	53,563	33,069	\$0	33,069	20,494
Plant Operation and Maintenance	<u>198,864</u>	<u>182,557</u>	<u>16,307</u>	<u>198,864</u>	<u>0</u>
<b>Total Expenditures</b>	<u><b>252,427</b></u>	<u><b>215,626</b></u>	<u><b>16,307</b></u>	<u><b>231,933</b></u>	<u><b>20,494</b></u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(249,427)	(211,626)	<u><u><b>(\$16,307)</b></u></u>	<u><u><b>(\$227,933)</b></u></u>	<u><u><b>\$21,494</b></u></u>
Fund Balances Beginning of Year	<u>249,428</u>	<u>249,428</u>			
<b>Fund Balances End of Year</b>	<u><u><b>\$1</b></u></u>	<u><u><b>\$37,802</b></u></u>			

See Notes to General Purpose Financial Statements

Sheffield-Sheffield Lake City School District  
Lorain County  
**Combined Statement of Revenues, Expenses  
and Changes in Retained Earnings**  
*Proprietary Fund Type and Non-Expendable Trust Fund*  
**For the Fiscal Year Ended June 30, 2000**  
(With Comparative Totals at June 30, 1999)

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>	
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>2000</u>	<u>1999</u>
<b>Operating Revenues</b>				
Food Services	\$214,918	\$0	\$214,918	\$206,771
Classroom Materials and Fees	49,976	0	49,976	55,854
Extracurricular Activities	0	0	0	1,754
<b>Total Operating Revenues</b>	<b>264,894</b>	<b>0</b>	<b>264,894</b>	<b>264,379</b>
<b>Operating Expenses</b>				
Salaries and Wages	172,516	0	172,516	186,150
Employees' Retirement and Insurance	58,519	0	58,519	76,753
Purchased Services	509	0	509	5,761
Supplies and Materials	191,765	0	191,765	174,967
Other	0	0	0	794
Depreciation	939	0	939	5,244
<b>Total Operating Expenses</b>	<b>424,248</b>	<b>0</b>	<b>424,248</b>	<b>449,669</b>
<b>Operating (Loss)</b>	<b>(159,354)</b>	<b>0</b>	<b>(159,354)</b>	<b>(185,290)</b>
<b>Non-Operating Revenues</b>				
Intergovernmental	95,174	0	95,174	130,305
Donated Commodities	36,952	0	36,952	0
Earnings on Investments	393	0	393	417
<b>Total Non-Operating Revenues</b>	<b>132,519</b>	<b>0</b>	<b>132,519</b>	<b>130,722</b>
<b>Net (Loss) Before Operating Transfers</b>	<b>(26,835)</b>	<b>0</b>	<b>(26,835)</b>	<b>(54,568)</b>
<b>Operating Transfers</b>				
Operating Transfers In	30,000	0	30,000	60,000
<b>Net Income</b>	<b>3,165</b>	<b>0</b>	<b>3,165</b>	<b>5,432</b>
Retained Earnings/Fund Balance Beginning of Year	29,467	104	29,571	24,139
<b>Retained Earnings/Fund Balance End of Year</b>	<b>\$32,632</b>	<b>\$104</b>	<b>\$32,736</b>	<b>\$29,571</b>

See Notes to General Purpose Financial Statements



**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Combined Statement of Cash Flows**  
*Proprietary Fund Type and Non-Expendable Trust Fund*  
**For the Year Ended June 30, 2000**  
**(With Comparative Totals at June 30, 1999)**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>	
	<b>Enterprise</b>	<b>Non-Expendable Trust</b>	<b>2000</b>	<b>1999</b>
<b>Cash Flows From Operating Activities</b>				
Operating (Loss)	(\$159,354)	\$0	(\$159,354)	(\$185,290)
Adjustments To Reconcile Net (Loss) To Net Cash Provided By (Used In) Operating Activities:				
Depreciation	939	0	939	5,244
(Increase) Decrease In Assets:				
Accounts Receivable	2,142	0	2,142	(924)
Intergovernmental Receivable	0	0	0	(15,066)
Inventories	(324)	0	(324)	1,862
Increase (Decrease) In Liabilities:				
Accounts Payable	0	0	0	24,195
Accrued Wages and Benefits Payable	(3,371)	0	(3,371)	(11,862)
Deferred Revenue	(33)	0	(33)	(747)
	(647)	0	(647)	2,702
<b>Net Cash (Used In) Operating Activities</b>	<b>(160,001)</b>	<b>0</b>	<b>(160,001)</b>	<b>(182,588)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Intergovernmental	92,453	0	92,453	130,305
Donated Commodities	36,952	0	36,952	0
Operating Transfers In	30,000	0	30,000	60,000
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of Fixed Assets	0	0	0	(7,387)
Contribution from other fund	970	0	970	0
<b>Cash Flows From Investing Activities</b>				
Earnings on Investments	393	0	393	417
<b>Net Increase in Cash and Cash Equivalents</b>	<b>767</b>	<b>0</b>	<b>767</b>	<b>747</b>
Cash and Cash Equivalents, Beginning of Year	48,358	104	48,462	47,715
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$49,125</b>	<b>\$104</b>	<b>\$49,229</b>	<b>\$48,462</b>

See Notes to General Purpose Financial Statements

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**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies**

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

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

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

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

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies - continued**

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

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

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

Governmental funds include the following fund types:

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

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

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

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

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

Proprietary funds include the following fund type:

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies - continued**

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

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

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

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

Account groups. The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary or trust funds. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

**Assets, Liabilities and Equity**

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

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

Purchased investments are valued at cost and do not effect fund equity when purchased or redeemed. (See Note 3.)

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies - continued**

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

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

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

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

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

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

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

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not included in the General Fixed Assets Account Group.

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies – continued**

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

**Deferred Revenue:** The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

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

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

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies – continued**

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

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

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

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



**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 1: Summary of Significant Accounting Policies – continued**

	<b>Textbook and Instructional Material <u>Reserve</u></b>	<b>Capital Improvement and Maintenance <u>Reserve</u></b>	<b>Budget Stabilization <u>Reserve</u></b>	<b><u>Total</u></b>
Balance 7/1/99	\$ 0	\$ 0	\$ 114,270	\$ 114,270
Required Set-Aside	334,013	334,013	0	668,026
Qualifying Expenditures	(428,144)	(666,045)	0	(1,094,189)
Portion of Offset Credits and Qualifying Expendi- tures Not Permitted to be Carried Forward	<u>94,131</u>	<u>332,032</u>	<u>0</u>	<u>426,163</u>
<b>Balance 6/30/00</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>114,270</u></b>	<b>\$ <u>114,270</u></b>

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

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 2: Stewardship, Compliance and Accountability**

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

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

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

Prior to fiscal year end, the District must revise its budget so that the total contemplated expenditures from a fund during the year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual Appropriation Resolution. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - All Governmental Fund Types", do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported in the budgetary statements reflect the final budget figures.

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

Several amendments and supplements were enacted during the fiscal year. The amounts reported in the budgetary statements reflect final amended appropriations. Appropriations may not exceed estimated resources and expenditures plus encumbrances may not exceed appropriations at the object level, which is the legal level of control for the General Fund and Emergency Levy Fund; otherwise, the legal level of control is the fund level.

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

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 2: Stewardship, Compliance and Accountability - continued**

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

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$ 651,253	\$ 422,043	\$ (218,991)
Net Adjustments for:			
Revenue Accruals	(244,348)	(167,225)	0
Expenditure Accruals	27,518	(434,973)	7,365
Encumbrances	<u>(32,945)</u>	<u>(34,936)</u>	<u>(16,307)</u>
<b>Budget Basis</b>	<b>\$ <u>401,478</u></b>	<b>\$ <u>(215,091)</u></b>	<b>\$ <u>(227,933)</u></b>

**Compliance:** The Debt Service Fund expenditures were in excess of appropriations by \$592,638. Expenditures of the Administration Supporting Services account of the General Fund exceeded appropriations by \$202.

**Note 3: Cash and Investments**

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

**Legal Requirements:** Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the District into three categories.

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 3: Cash and Investments – continued**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 3: Cash and Investments - continued**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within Ohio to pool 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, 2000.
7. Certain banker's acceptances and commercial paper notes for a period not to exceed 180 days, in an amount not to exceed twenty-five percent of the interim monies available for investment at any on time.

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

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

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 3: Cash and Investments - continued**

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the District Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits:** At year-end, the carrying amount of the District's deposits was \$(101,127) which includes \$700 petty cash and the bank balance was \$184,183. The bank balance of \$100,000, was covered by federal depository insurance. The remaining \$84,183 is secured by a collateral pool held at the Federal Reserve Bank in the name of the respective depository bank which pledges a pool of collateral against all public deposits it holds.

**Investments:** The District invests in STAR Ohio which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. The carrying value and market value of STAR Ohio investments is \$1,529,831.

**Earnings on Investments:** Interest revenue credited to the General Fund during 2000 amounted to \$123,886 which includes interest assigned from other District funds.

**Note 4: Jointly Governed Organizations**

A. Lake Erie Education Computer Association

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. LEECA was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the member school districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The LEECA assembly consists of a superintendent or designated representative from each member school district and a representative from the fiscal agent. The Board of

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 4: Jointly Governed Organizations - continued**

Directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which member school districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County who serves as fiscal agent at 1885 Lake Avenue, Elyria, Ohio 44035. The District's fiscal 2000 contributions to LEECA were approximately \$14,556 for basic service charges.

**B. Lake Erie Regional Council of Governments**

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

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

Through the Ohio Schools Council, LERC participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. The 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.

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 4: Jointly Governed Organizations** – continued

LERC is governed by a Board of Directors chosen from the general membership of the assembly. The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County who serves as fiscal agent at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2000, the District contributed approximately \$943,377 to LERC.

C. Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Lorain County Joint Vocational School District is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44035. The District did not make any contributions during fiscal 2000.

**Note 5: Fixed Assets**

A summary of changes in General Fixed Assets is as follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2000</u>
Land	\$ 11,310	\$ 0	\$ 0	\$ 11,310
Building and improvements	4,184,082	333,056	0	4,517,138
Furniture, fixtures and equipment	2,635,115	234,306	139,645	2,729,776
Vehicles	1,217,123	30,489	0	1,247,612
Textbooks and library books	<u>1,428,024</u>	<u>2,669</u>	<u>0</u>	<u>1,430,693</u>
<b>TOTAL</b>	<b>\$ <u>9,475,654</u></b>	<b>\$ <u>600,520</u></b>	<b>\$ <u>139,645</u></b>	<b>\$ <u>9,936,529</u></b>



**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 5: Fixed Assets**

A summary of enterprise fund fixed assets as of June 30, 2000 is as follows:

Furniture, fixtures and equipment	\$ 145,512
Vehicles	<u>10,800</u>
Total	156,312
Less accumulated depreciation	(146,038)
<b>Net Fixed Assets</b>	<b>\$ <u>10,274</u></b>

There was no significant construction in progress on June 30, 2000.

**Note 6: Current Obligations**

**Notes:** Tax anticipation notes were issued in 1996 to provide operating revenues. These notes are obligations of the District for which portions of its future tax receipts are pledged for repayment. Since these notes are tax anticipation notes, they are recognized as a liability in the fund in which the proceeds were received. The notes bear interest at 4.5%.

Annual requirements to amortize current notes payable, as of June 30, 2000, are as follows:

<b>Fiscal Year Ending <u>June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2001	\$ <u>460,000</u>	\$ <u>10,350</u>	\$ <u>470,350</u>
<b>Total</b>	<b>\$ <u>460,000</u></b>	<b>\$ <u>10,350</u></b>	<b>\$ <u>470,350</u></b>

**Note 7: Long-Term Obligations**

Outstanding notes were issued to finance improvements for school buildings. These notes are general obligations of the District for which its full faith, credit, and resources are pledged for repayment. Accordingly, obligations resulting from this note indebtedness are represented within the General Long-Term Debt Account Group.

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 7: Long-Term Obligations** – continued

Annual requirements to amortize long-term notes outstanding on June 30, 2000, including interest payments, are as follows:

<b>Fiscal Year Ending June 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2001	\$ 68,000	\$ 33,053	\$ 101,053
2002	72,000	29,497	101,497
2003	76,000	25,740	101,740
2004	80,000	21,777	101,777
2005 and Thereafter	<u>390,000</u>	<u>43,815</u>	<u>433,815</u>
<b>Total</b>	<b><u>\$ 686,000</u></b>	<b><u>\$ 153,882</u></b>	<b><u>\$ 839,882</u></b>

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

	<b><u>Balance July 1, 1999</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance June 30, 2000</u></b>
General Obligation Notes:				
Energy Conservation Notes, 5.15% and 4.85% interest rates	\$ 751,414	\$ 0	\$ 65,414	\$ 686,000
Capital Leases	95,996	20,595	53,495	63,096
Compensated Absences and Retirement	<u>1,492,061</u>	<u>76,321</u>	<u>0</u>	<u>1,568,382</u>
<b>TOTAL</b>	<b><u>\$ 2,339,471</u></b>	<b><u>\$ 96,916</u></b>	<b><u>\$ 118,909</u></b>	<b><u>\$ 2,317,478</u></b>

The Compensated absences and retirement will be paid from the fund from which the employee is paid.

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 8: Leases**

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

The future minimum lease obligations and the net present values of these minimum lease payments, as of June 30, 2000, were as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>General Long-term Debt</u></b>
2001	\$ 39,492
2002	<u>28,877</u>
Total minimum lease payments	68,369
Less: Amount representing interest	<u>5,273</u>
<b>Present value of minimum lease payments</b>	<b>\$ <u>63,096</u></b>

**Note 9: Property Taxes**

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

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The County Auditor reappraises real property every six years, which was last completed for 2000. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semi-annually. The first payment is due January 20, and the remainder is payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 9: Property Taxes - continued**

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

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

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

The assessed values of real and tangible personal property, upon which property tax receipts for the fiscal year ended June 30, 2000 were based, are as follows:

	<b>Assessed Values <u>2000</u></b>	<b>Assessed Values <u>1999</u></b>
Real Property:		
Residential/Agricultural	\$ 137,364,490	\$ 134,699,220
Commercial/Industrial	39,236,160	32,006,840
Public Utilities	1,475,260	1,382,780
Tangible Personal Property:		
General	34,832,870	40,579,464
Public Utilities	<u>9,738,940</u>	<u>10,001,220</u>
<b>Total Assessed Valuation</b>	<b><u>\$ 222,647,720</u></b>	<b><u>\$ 218,669,524</u></b>
Tax Rate per \$1,000 of Assessed Valuation	\$53.06	\$53.06

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 10: Pension and Retirement Plans**

State Teachers Retirement System

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

Funding Policy Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the STRS Board of Trustees. The District's contributions to STRS for the years ending June 30, 2000, 1999, and 1998 were \$992,525, \$938,266, and \$924,283, respectively. The District paid the required contribution for fiscal years 1999 and 1998. An accrual for the unpaid contribution for the fiscal year 2000 has been reported as a liability within the respective funds and the General Long-Term Debt Account Group.

School Employees Retirement System

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

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 10: Pension and Retirement Plans - continued**

Funding Policy Plan members are required to contribute 9.0% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 2000, 1999, and 1998 were \$284,065, \$272,040, and \$241,813, respectively. The District paid the required contribution for fiscal years 1999 and 1998. An accrual for the unpaid contribution for the fiscal year 2000 has been reported as a liability within the respective funds and the General Long-Term Debt Account Group.

**Note 11: Post Employment Benefits**

Comprehensive health care benefits are provided to retired teachers and their dependents through the STRS and to retired non-certified employees and their dependents through the SERS. Health care benefits under each system are financed on a pay-as-you-go basis.

State Teachers Retirement System

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

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

The STRS Board of Trustees currently allocates employer contributions equal to 8% of covered payroll to health care reserve fund from which payments for health care benefits are paid. The portion of the District's contributions that were used to fund postemployment benefits was \$575,696. The balance in the health care reserve fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

June 30, 1999 is the latest date for which information is available.

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 11: Post Employment Benefits - continued**

School Employees Retirement System

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

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate was 8.5%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum pay was established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million.

At June 30, 1999, the amount of SERS net assets available for payment of health care benefits was \$188 million. The number of participants currently receiving health care benefits is approximately 51,000. The District's actual contributions for the 2000 fiscal year were \$136,350.

June 30, 1999 is the latest date for which information is available.

**Note 12: Risk Management**

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

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 12: Risk Management - continued**

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

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

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

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

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

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

**Note 13: Segment Information for Enterprise Funds**

The District maintains the following enterprise funds:

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

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

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



**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to General Purpose Financial Statements  
Fiscal Year Ended June 30, 2000**

**Note 13: Segment Information for Enterprise Funds - continued**

Segment information for enterprise funds is as follows:

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Community Education</u>	<u>Total</u>
Operating Revenues	\$ 214,918	\$ 49,976	\$ 0	\$ 264,894
Operating Expense	370,935	52,248	126	423,309
Depreciation Expense	939	0	0	939
Operating (Loss)	(156,956)	(2,272)	(126)	(159,354)
Intergovernmental	95,174	0	0	95,174
Donated Commodities	36,952	0	0	36,952
Earnings on Investments	393	0	0	393
Operating Transfers In	30,000	0	0	30,000
Net Income (Loss)	5,563	(2,272)	(126)	3,165
Net Working Capital	(9,623)	30,799	1,182	22,358
Total Assets	50,327	30,799	1,182	82,308
Total Equity	\$ 651	\$ 30,799	\$ 1,182	\$ 32,632

**Note 14: Contingencies**

**Grants**

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

**Sheffield-Sheffield Lake City School District**  
**Lorain County**  
**Notes to General Purpose Financial Statements**  
**Fiscal Year Ended June 30, 2000**

**Note 14: Contingencies - continued**

**Other**

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

**State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school-funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the School District received \$5,189,038 of school foundation support for its general fund.

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

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

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

**Sheffield-Sheffield Lake City School District  
Lorain County  
Schedule of Federal Awards Receipts And Expenditures  
For The Year Ended June 30, 2000**

Federal Program	Federal CFDA Number	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>United States Department of Agriculture</b>						
Passed-through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution	10.550	44768 04-PU	\$0	\$36,919	\$0	\$36,952
National School Lunch Program	10.555	44768 03/04-PU	87,276		87,276	
<b>Total Child Nutrition Cluster/Total United States Department of Agriculture</b>			87,276	36,919	87,276	36,952
<b>United States Department of Education</b>						
Passed-through Ohio Department of Education:						
Special Education Cluster:						
Special Education Grants to States	84.027	44768 6B-SF	91,119		88,777	
Special Education - Preschool Grant	84.173	44768 PG-S1	7,102		7,634	
<b>Total Special Education Cluster</b>			98,221		96,411	
Eisenhower Professional Development Grant	84.281	44768 MS-S1	2,250		6,139	
Grants to Local Educational Agencies (Title I)	84.010	44768 C1-S1	108,051		126,319	
Class Size Reduction Subsidy	84.340	44768 CR-S1	23,441		23,115	
Innovative Education Program Strategies	84.298	44768 C2-S1	10,618		5,506	
Learn and Serve America	94.004	44768 SV-S4	10,000		11,334	
Comprehensive School Reform Demo	84.332	44768 RF-S1	184,500		103,152	
Drug-Free Schools Grant	84.186	44768 DR-S1	8,314		8,889	
<b>Total United States Department of Education</b>			445,395		380,865	
<b>United States Department of Labor</b>						
Passed through Ohio Department of Education:						
Employment Services and Job Training Pilot	17.249	44768 STW-99	0		7,000	
<b>Total United States Department of Labor</b>			0		7,000	
<b>Total Federal Awards Receipts and Expenditures</b>			<u>\$532,671</u>	<u>\$36,919</u>	<u>\$475,141</u>	<u>\$36,952</u>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statement.

**Sheffield-Sheffield Lake City School District  
Lorain County  
Notes to The Schedule of Federal Awards Receipts And Expenditures  
Fiscal Year Ended June 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (Schedule) includes the federal grant activity of the District and is presented on the basis of cash receipts and disbursements. 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 - NATIONAL SCHOOL LUNCH PROGRAM**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

**NOTE C - 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. At June 30, 2000, the District had food commodities valued at \$3,122 in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

We have audited the financial statements of Sheffield-Sheffield Lake City School District, Lorain County, Ohio (District) as of and for the year ended June 30, 2000, and have issued our report thereon dated March 13, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10847-001 and 2001-10847-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 13, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 13, 2001.

Sheffield-Sheffield Lake City School District  
Lorain County  
Report on Compliance and Internal Control Required by  
*Governmental Auditing Standards*  
Page 2

This report is intended for the information and use of 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.

**Jim Petro**  
Auditor of State

March 13, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

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

### **Compliance**

We have audited the compliance of Sheffield-Sheffield Lake City School District, Lorain County, Ohio, (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

### **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on the major federal programs 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 the major federal programs 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 other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 13, 2001.

This report is intended for the information and use of 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.

**Jim Petro**  
Auditor of State

March 13, 2001



Sheffield-Sheffield Lake City School District  
Lorain County  
Schedule of Findings  
Fiscal Year Ended June 30, 2000

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

**A -133 § .505**

<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>	Yes
<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 Program 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 Program (list):</b>	Title I - CFDA #84.010 Nutrition Cluster - CFDA #10.550 & 10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	\$ 300,000
<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**

<b>Finding Number</b>	<b>2001-10847-001</b>
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Ohio Rev. Code Section 5705.36 requires upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the County Budget Commission, and if the Budget Commission determines that the fiscal officer's certification is reasonable, the Budget Commission shall certify an amended official certificate reflecting the excess.

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

<b>Finding Number</b>	<b>2001-10847-001(Continued)</b>
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The District transferred \$592,638 from the General and Emergency Levy Funds to the Debt Service Fund. These monies were used to retire long-term debt principal and interest. The amounts transferred were not certified to the Lorain County Budget Commission.

When a new source of revenue is realized in a fund and the intention is to expend that revenue, an amended Certificate of Estimated Resources should be obtained from the Lorain County Budget Commission.

<b>Finding Number</b>	<b>2001-10847-002</b>
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Ohio Rev. Code Section 5705.41 (B) states, "no subdivision or taxing unit shall...Make any expenditure of money unless it has been appropriated."

The District failed to amend its appropriation resolution prior to expending \$592,638 for the payment of long-term debt principal and interest.

Prior to expending money from a fund, management should obtain an appropriation amendment approved by the Board of Education. This amendment should be certified to the County Budget Commission.

**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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**SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 12, 2001**