

CLOVERLEAF LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Cloverleaf Local School District
8525 Friendsville Road
Lodi, Ohio 44254

We have reviewed the Independent Auditor's Report of the Cloverleaf Local School District, Medina County, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

March 2, 2001

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**CLOVERLEAF LOCAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Cloverleaf Local School District
8525 Friendsville Road
Lodi, Ohio 44254

We have audited the accompanying general purpose financial statements of the Cloverleaf Local School 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

As discussed in Note 4 to the general purpose financial statements, the District restated beginning fund balances on the budgetary basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2000 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is stylized with a large initial "G" and a long horizontal line extending to the right.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

December 15, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
Assets				
Pooled cash and equivalents	\$ 1,679,434	\$ 282,142	\$ 38,420	\$ 198,869
Restricted cash	415,480	-	25,122	-
Receivables, net of allowance				
Taxes, current	8,885,142	-	247,110	341,055
Taxes, delinquent	394,407	-	-	22,648
Accrued interest	19,897	-	-	-
Accounts and other	-	6,651	-	-
Intergovernmental receivable	7,054	113,033	-	141
Interfund receivable	50,500	-	-	-
Due from other funds	32,598	-	-	-
Inventories and supplies	164,489	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Other debits				
Amount available for debt service	-	-	-	-
Amount to be provided for debt	-	-	-	-
Amount to be provided for benefits	-	-	-	-
Amount to be provided for capital leases	-	-	-	-
Total assets and other debits	\$ 11,649,001	\$ 401,826	\$ 310,652	\$ 562,713

The accompanying notes to the financial statements are an integral part of this statement

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-term Debt	
Enterprise	Trust and Agency			
\$ 97,746	\$ 59,889	\$ -	\$ -	\$ 2,356,500
-	-	-	-	440,602
-	-	-	-	9,473,307
-	-	-	-	417,055
-	-	-	-	19,897
-	-	-	-	6,651
28,147	-	-	-	148,375
-	-	-	-	50,500
245	-	-	-	32,843
22,924	-	-	-	187,413
271,442	-	16,425,070	-	16,696,512
(184,930)	-	-	-	(184,930)
-	-	-	38,420	38,420
-	-	-	88,919	88,919
-	-	-	1,888,648	1,888,648
-	-	-	252,060	252,060
<u>\$ 235,574</u>	<u>\$ 59,889</u>	<u>\$ 16,425,070</u>	<u>\$ 2,268,047</u>	<u>\$ 31,912,772</u>

Continued

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000 (Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, fund equity and other credits</u>				
Liabilities				
Accounts and contracts payable	\$ 33,776	\$ 80,920	\$ -	\$ -
Accrued wages and benefits	2,222,914	76,364	-	-
Matured bonds and coupon payable	-	-	25,122	-
Accrued interest payable	-	-	-	5,325
Intergovernmental payable	397,548	2,084	-	-
Interfund payable	-	10,000	-	-
Due to other funds	155	32,688	-	-
Due to students	-	-	-	-
Deferred revenue	8,820,086	-	247,110	333,111
Notes payable	-	-	-	300,000
Installment plan payable	-	-	-	-
Capital leases	-	-	-	-
Compensated absences	169,861	-	-	-
Total liabilities	<u>11,644,340</u>	<u>202,056</u>	<u>272,232</u>	<u>638,436</u>
Fund equity and other credits				
Investment in general fixed assets	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balance				
Reserved for inventories	164,489	-	-	-
Reserved for property tax	459,463	-	-	30,592
Reserved for debt service	-	-	38,420	-
Reserve for budget stabilization	415,480	-	-	-
Reserved for encumbrances	240,231	13,960	-	-
Unreserved	(1,275,002)	185,810	-	(106,315)
Total fund equity and other credits	<u>4,661</u>	<u>199,770</u>	<u>38,420</u>	<u>(75,723)</u>
Total liabilities, fund equity and other credits	<u>\$ 11,649,001</u>	<u>\$ 401,826</u>	<u>\$ 310,652</u>	<u>\$ 562,713</u>

The accompanying notes to the financial statements are an integral part of this statement

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$ 1,937	\$ 5,209	\$ -	\$ -	\$ 121,842
48,153	-	-	-	2,347,431
-	-	-	-	25,122
-	-	-	-	5,325
34,021	26	-	232,026	665,705
40,000	500	-	-	50,500
-	-	-	-	32,843
-	48,700	-	-	48,700
5,503	-	-	-	9,405,810
-	-	-	-	300,000
-	-	-	127,339	127,339
-	-	-	252,060	252,060
17,040	-	-	1,656,622	1,843,523
<u>146,654</u>	<u>54,435</u>	<u>-</u>	<u>2,268,047</u>	<u>15,226,200</u>
-	-	16,425,070	-	16,425,070
88,920	-	-	-	88,920
-	-	-	-	164,489
-	-	-	-	490,055
-	-	-	-	38,420
-	-	-	-	415,480
-	-	-	-	254,191
-	5,454	-	-	(1,190,053)
<u>88,920</u>	<u>5,454</u>	<u>16,425,070</u>	<u>-</u>	<u>16,686,572</u>
<u>\$ 235,574</u>	<u>\$ 59,889</u>	<u>\$ 16,425,070</u>	<u>\$ 2,268,047</u>	<u>\$ 31,912,772</u>

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 9,026,177	\$ -	\$ -	\$ 568,612
Tuition and fees	149,120	-	-	-
Interest	191,482	-	-	-
Intergovernmental	10,516,363	912,101	-	74,273
Extracurricular	-	142,772	-	-
Miscellaneous	33,898	66,217	-	-
Total revenues	<u>19,917,040</u>	<u>1,121,090</u>	<u>-</u>	<u>642,885</u>
Expenditures				
Current				
Instruction				
Regular	10,408,340	66,541	-	-
Special	1,179,571	333,637	-	-
Vocational education	138,119	-	-	-
Other instruction	388,625	-	-	-
Supporting services				
Pupil	949,103	129,821	-	-
Instructional	767,230	151,218	-	-
Board of education	23,747	-	-	-
Administration	1,575,390	14,363	-	-
Fiscal	430,078	-	-	9,722
Business	262,796	3,833	-	-
Operation and maintenance	2,134,411	113,033	-	-
Pupil transportation	1,336,640	-	-	-
Central services	233	22,391	-	-
Operation of non-instructional services				
Community services	67,676	-	-	-
Extracurricular				
Academic oriented	17,664	55,679	-	-
Occupation oriented	-	656	-	-
Sports oriented	330,689	109,680	-	-
Co-curricular	14,284	127,824	-	-
Capital outlay	10,624	-	-	-
Debt service				
Principal	78,367	-	-	-
Interest	27,305	-	-	14,378
Total expenditures	<u>20,140,892</u>	<u>1,128,676</u>	<u>-</u>	<u>24,100</u>
Excess (deficiency) of revenues over expenditures	<u>(223,852)</u>	<u>(7,586)</u>	<u>-</u>	<u>618,785</u>
Other financing sources (uses)				
Operating transfers-in	-	46,758	-	81,727
Gain on sale of assets	27,486	-	-	-
Operating transfers-out	(111,035)	-	(81,727)	-
Total other financing sources (uses)	<u>(83,549)</u>	<u>46,758</u>	<u>(81,727)</u>	<u>81,727</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(307,401)</u>	<u>39,172</u>	<u>(81,727)</u>	<u>700,512</u>
Fund balances at beginning of year	281,304	160,598	120,147	(776,235)
Increase in reserve for inventory	30,758	-	-	-
Fund balances at end of year	<u>\$ 4,661</u>	<u>\$ 199,770</u>	<u>\$ 38,420</u>	<u>\$ (75,723)</u>

The accompanying notes to the financial statements are an integral part of this statement

Fiduciary Fund Type		Totals (Memorandum Only)
Expendable Trust		
\$ -	\$	9,594,789
-		149,120
-		191,482
-		11,502,737
-		142,772
1,365		101,480
<u>1,365</u>		<u>21,682,380</u>
-		10,474,881
-		1,513,208
-		138,119
-		388,625
-		1,078,924
-		918,448
-		23,747
-		1,589,753
-		439,800
-		266,629
-		2,247,444
-		1,336,640
-		22,624
10,876		78,552
-		73,343
-		656
-		440,369
-		142,108
-		10,624
-		78,367
-		41,683
<u>10,876</u>		<u>21,304,544</u>
<u>(9,511)</u>		<u>377,836</u>
-		128,485
-		27,486
-		(192,762)
<u>-</u>		<u>(36,791)</u>
(9,511)		341,045
14,965		(199,221)
-		30,758
<u>\$ 5,454</u>	<u>\$</u>	<u>172,582</u>

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 9,137,888	\$ 9,103,878	\$ (34,010)
Tuition and fees	155,500	149,120	(6,380)
Interest	185,000	189,365	4,365
Intergovernmental	10,135,506	10,509,309	373,803
Extracurricular	-	-	-
Miscellaneous	40,438	33,898	(6,540)
Total revenues	<u>19,654,332</u>	<u>19,985,570</u>	<u>331,238</u>
Expenditures			
Current			
Instruction			
Regular	10,587,484	10,389,498	197,986
Special	1,365,769	1,174,956	190,813
Vocational education	144,349	140,009	4,340
Other instruction	394,736	421,625	(26,889)
Supporting services			
Pupil	987,587	936,226	51,361
Instructional	770,136	745,116	25,020
Board of education	29,359	26,760	2,599
Administration	1,619,759	1,550,934	68,825
Fiscal	443,997	434,766	9,231
Business	339,505	302,186	37,319
Operation and maintenance	2,492,561	2,383,542	109,019
Pupil transportation	1,323,551	1,325,525	(1,974)
Central services	1,039	1,039	-
Operation of non-instructional services			
Community services	71,321	62,750	8,571
Extracurricular			
Academic oriented	20,145	17,648	2,497
Occupation oriented	-	-	-
Sports oriented	361,081	328,421	32,660
Co-curricular	14,150	14,273	(123)
Capital outlay	107,324	33,701	73,623
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>21,073,853</u>	<u>20,288,975</u>	<u>784,878</u>
Excess (deficiency) of revenues over expenditures	<u>(1,419,521)</u>	<u>(303,405)</u>	<u>1,116,116</u>
Other financing sources (uses)			
Operating transfers-in	6,050	6,050	-
Gain on sale of assets	27,486	27,486	-
Advances in	-	15,000	15,000
Refund of prior year's expenditures	11,591	11,591	-
Operating transfers-out	(261,537)	(117,085)	144,452
Advances out	-	(50,500)	(50,500)
Refund of prior year's receipts	(1,000)	(152)	848
Total other financing sources (uses)	<u>(217,410)</u>	<u>(107,610)</u>	<u>109,800</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(1,636,931)</u>	<u>(411,015)</u>	<u>1,225,916</u>
Prior year's encumbrances	319,265	319,265	-
Fund balances at beginning of year, as restated	1,913,835	1,913,835	-
Fund balances at end of year	<u>\$ 596,169</u>	<u>\$ 1,822,085</u>	<u>\$ 1,225,916</u>

The accompanying notes to the financial statements are an integral part of this statement

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 238,000	\$ 237,976	\$ (24)
-	-	-	-	-	-
-	-	-	-	-	-
799,566	799,068	(498)	-	-	-
150,530	142,772	(7,758)	-	-	-
59,960	59,566	(394)	-	-	-
<u>1,010,056</u>	<u>1,001,406</u>	<u>(8,650)</u>	<u>238,000</u>	<u>237,976</u>	<u>(24)</u>
106,883	57,718	49,165	-	-	-
380,154	332,144	48,010	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
137,367	129,819	7,548	-	-	-
274,253	158,128	116,125	-	-	-
-	-	-	-	-	-
20,742	14,248	6,494	-	-	-
-	-	-	-	-	-
3,833	3,833	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
41,377	22,393	18,984	-	-	-
-	-	-	-	-	-
59,193	59,193	-	-	-	-
656	656	-	-	-	-
111,045	111,045	-	-	-	-
145,921	130,582	15,339	-	-	-
-	-	-	-	-	-
-	-	-	359,624	300,000	59,624
-	-	-	23,620	19,703	3,917
<u>1,281,424</u>	<u>1,019,759</u>	<u>261,665</u>	<u>383,244</u>	<u>319,703</u>	<u>63,541</u>
<u>(271,368)</u>	<u>(18,353)</u>	<u>253,015</u>	<u>(145,244)</u>	<u>(81,727)</u>	<u>63,517</u>
46,758	46,758	-	-	-	-
-	-	-	-	-	-
-	10,000	10,000	-	-	-
1,364	1,364	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,122</u>	<u>58,122</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(223,246)	39,769	263,015	(145,244)	(81,727)	63,517
43,567	43,567	-	-	-	-
184,271	184,271	-	145,269	145,269	-
<u>\$ 4,592</u>	<u>\$ 267,607</u>	<u>\$ 263,015</u>	<u>\$ 25</u>	<u>\$ 63,542</u>	<u>\$ 63,517</u>

Continued

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2000 (Continued)

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 336,865	\$ 335,001	\$ (1,864)
Tuition and fees	-	-	-
Interest	-	-	-
Intergovernmental	74,132	74,132	-
Extracurricular	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>410,997</u>	<u>409,133</u>	<u>(1,864)</u>
Expenditures			
Current			
Instruction			
Regular	-	-	-
Special	-	-	-
Vocational education	-	-	-
Other instruction	-	-	-
Supporting services			
Pupil	-	-	-
Instructional	-	-	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	38,768	9,732	29,036
Business	-	-	-
Operation and maintenance	-	-	-
Pupil transportation	-	-	-
Central services	-	-	-
Operation of non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	-	-	-
Occupation oriented	-	-	-
Sports oriented	-	-	-
Co-curricular	-	-	-
Capital outlay	455,833	286,000	169,833
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>494,601</u>	<u>295,732</u>	<u>198,869</u>
Excess (deficiency) of revenues over expenditures	<u>(83,604)</u>	<u>113,401</u>	<u>197,005</u>
Other financing sources (uses)			
Operating transfers-in	-	-	-
Gain on sale of assets	-	-	-
Advances in	-	-	-
Refund of prior year's expenditures	-	-	-
Operating transfers-out	-	-	-
Advances out	-	-	-
Refund of prior year's receipts	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(83,604)</u>	<u>113,401</u>	<u>197,005</u>
Prior year's encumbrances	-	-	-
Fund balances at beginning of year, as restated	85,468	85,468	-
Fund balances at end of year	<u>\$ 1,864</u>	<u>\$ 198,869</u>	<u>\$ 197,005</u>

The accompanying notes to the financial statements are an integral part of this statement.

Totals
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 9,712,753	\$ 9,676,855	\$ (35,898)
155,500	149,120	(6,380)
185,000	189,365	4,365
11,009,204	11,382,509	373,305
150,530	142,772	(7,758)
100,398	93,464	(6,934)
<u>21,313,385</u>	<u>21,634,085</u>	<u>320,700</u>
10,694,367	10,447,216	247,151
1,745,923	1,507,100	238,823
144,349	140,009	4,340
394,736	421,625	(26,889)
1,124,954	1,066,045	58,909
1,044,389	903,244	141,145
29,359	26,760	2,599
1,640,501	1,565,182	75,319
482,765	444,498	38,267
343,338	306,019	37,319
2,492,561	2,383,542	109,019
1,323,551	1,325,525	(1,974)
42,416	23,432	18,984
71,321	62,750	8,571
79,338	76,841	2,497
656	656	-
472,126	439,466	32,660
160,071	144,855	15,216
563,157	319,701	243,456
359,624	300,000	59,624
23,620	19,703	3,917
<u>23,233,122</u>	<u>21,924,169</u>	<u>1,308,953</u>
<u>(1,919,737)</u>	<u>(290,084)</u>	<u>1,629,653</u>
52,808	52,808	-
27,486	27,486	-
-	25,000	25,000
12,955	12,955	-
(261,537)	(117,085)	144,452
-	(50,500)	(50,500)
(1,000)	(152)	848
<u>(169,288)</u>	<u>(49,488)</u>	<u>119,800</u>
(2,089,025)	(339,572)	1,749,453
362,832	362,832	-
2,328,843	2,328,843	-
<u>\$ 602,650</u>	<u>\$ 2,352,103</u>	<u>\$ 1,749,453</u>

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise
Operating revenues	
Tuition and fees	\$ 492
Extracurricular	10,131
Miscellaneous	305,947
Charges for services	589,253
Total operating revenues	905,823
Operating expenses	
Salaries and wages	536,686
Fringe benefits	126,021
Contractual services	461,764
Materials and supplies	92,170
Other expenses	2,711
Depreciation	5,813
Total operating expenses	1,225,165
Operating (loss)	(319,342)
Non-operating revenues	
Intergovernmental	237,562
Interest	600
Total non-operating revenues	238,162
(Loss) before operating transfers	(81,180)
Operating transfers	
Operating transfers-in	64,277
Net (loss)	(16,903)
Retained earnings at beginning of year	105,823
Retained earnings at end of year	\$ 88,920

The accompanying notes to the financial statements are an integral part of this statement.

CLOVERLEAF LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2000

	<u>Enterprise</u>
Cash flows from operating activities:	
Operating (loss)	\$ (319,342)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities	
Depreciation	5,813
Donated commodities, used	56,895
Changes in net assets (increase) decrease and liabilities increase (decrease):	
Due from other funds	(245)
Inventories and supplies	(2,398)
Accounts and contracts payable	(7,910)
Accrued wages and benefits	856
Intergovernmental payable	3,719
Compensated absences	(1,237)
Total adjustments	55,493
Net cash (used in) operating activities	(263,849)
Cash flows from non-capital financing activities:	
Intergovernmental revenue	176,245
Operating transfers-in	64,277
Advances in	40,000
Advances out	(15,000)
Net cash flows provided by non-capital financing activities	265,522
Cash flows from capital financing activities:	
Acquisition of fixed assets	(13,799)
Net cash (used in) capital financing activities	(13,799)
Cash flows from investing activities:	
Interest revenue	600
Net cash flow provided by investing activities	600
Net (decrease) in cash and equivalents	(11,526)
Equity in pooled cash and equivalents, beginning of year	109,272
Equity in pooled cash and equivalents, end of year	\$ 97,746

The accompanying notes to the financial statements are an integral part of this statement.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Cloverleaf Local School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 1999 was 3,585. The District employs 232 certificated and 170 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the 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 provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

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

Lake Erie Educational Computer Association - The Cloverleaf Local School District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization. The District's participation is disclosed in Note 21 to the financial statements.

Ohio Schools Council of Governments - The Ohio Schools Council promotes cooperative agreements to its members in dealing with problems of mutual concern. This is a jointly governed organization. The District's participation is disclosed in Note 21 to the financial statements.

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

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be approximately sixty days. Property taxes, grants and interest are susceptible to accrual. The amount of property taxes available for advance at June 30, 2000 is considered to be available to finance current period obligations and is therefore subject to accrual. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations and accordingly, property taxes receivable is reflected as deferred revenue until available.

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

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

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

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

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary Fund Type

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the Board of Education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations. The District's proprietary funds include the following fund type:

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

Fiduciary Fund Types

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

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. This fund accounts for assets where both the principal and interest may be spent.

Agency Fund - 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. This fund is used to account for assets that the government holds for others in an agency capacity.

Account Groups

The District maintains two account groups as described below:

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

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "pooled cash and equivalents" on the combined balance sheet. During the year, investments were limited to overnight repurchase agreements. Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the year amounted to \$ 191,482, which includes \$ 44,462 assigned from other District funds. 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 District are considered to be cash equivalents.

C. RESTRICTED CASH

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

Restricted cash in the debt service fund represents outstanding bonds and coupons that have not yet been redeemed. During fiscal year 1993, the District received court approval to transfer the balance of its bond and coupon account to its general checking account. A corresponding "matured bond and coupon payable" has been recorded on the combined balance sheet.

D. RECEIVABLES

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

E. INVENTORIES AND SUPPLIES

Inventory items of governmental funds are stated at cost while inventory items of proprietary funds are stated at the lower of cost or market. The cost of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. FIXED ASSETS AND DEPRECIATION

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

Fixed assets, which are used in proprietary fund type activities, are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on estimated useful lives of assets. Estimated useful lives of equipment and furniture are 8 to 20 years.

G. LONG-TERM LIABILITIES

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

H. UNPAID COMPENSATED ABSENCES

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

In the governmental fund types, 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.

The District uses the vesting method to estimate the amount of accumulated compensated absences that will be paid as a termination benefit.

I. SHORT-TERM INTERFUND ASSETS/LIABILITIES

Transactions between funds that are representative of short-term lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivable/payable." All other outstanding balances between funds are referred to as "due from/to other funds."

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

K. FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditures. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

L. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

M. USE OF ESTIMATES

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

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

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

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

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

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

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Encumbrances

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

Budgetary Reporting

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

Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

- 1.) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2.) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- 3.) Advances are reported on the operating statement (budget basis) rather than as balance sheet transactions.

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

Excess (deficiency) of revenues over
 expenditures and other financing sources (uses) -
reconciliation of budget basis to GAAP basis

	General	Special Revenue	Debt Service	Capital Projects
Budget basis	\$ (411,015)	\$ 39,769	\$ (81,727)	\$ 113,401
Adjustments, increase (decrease)				
Revenue accruals	(101,171)	108,320	(237,976)	315,479
Expenditure accruals	204,785	(108,917)	237,976	271,632
GAAP basis, as reported	\$ (307,401)	\$ 39,172	\$ (81,727)	\$ 700,512

CLOVERLEAF LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. FUND EQUITY DEFICITS

Apparent in the general purpose financial statements is the deficit fund equity balance of \$ 75,723 in the Permanent Improvement Fund, a Capital Projects Fund. This deficit fund equity balance at year-end resulted from reflecting expenditures in accordance with the modified accrual basis which is substantially larger than the amounts recognized on the budget basis. The District, in accordance with its budget basis, will appropriate such expenditures and expenses from resources of the subsequent year.

NOTE 4 RESTATEMENT OF PRIOR YEAR EQUITY

The following beginning fund balances on the budget basis have been restated to correctly reflect unencumbered fund balances at June 30, 1999.

	<u>As Previously Reported June 30, 1999</u>	<u>Adjustment</u>	<u>As Restated June 30, 1999</u>
General Fund	\$ 2,233,100	\$ (319,265)	\$ 1,913,835
Special Revenue	\$ 227,839	\$ (43,568)	\$ 184,271

NOTE 5 DEPOSITS AND INVESTMENTS

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

A. LEGAL REQUIREMENTS

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

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

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits may be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts. Interim monies may be 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 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); and,
- 7.) Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

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

CLOVERLEAF LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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.

B. CASH ON HAND

At year end, the District had \$ 50 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "pooled cash and equivalents."

The following information classifies deposits and investments by categories of risk as defined in Governmental Accounting Standards Board (GASB) Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

C. DEPOSITS

At year-end, the carrying amount of the Cloverleaf Local School District's deposits was \$ 2,447,052 and the bank balance was \$ 2,703,459. Of this balance \$ 200,000 was covered by federal depository insurance and \$ 2,503,459 by collateral held by third party trustees in accordance with the Ohio Revised Code, in collateral pools securing all public funds on deposit with no specifications for whom the funds are held, which is considered uncollateralized and uninsured as defined by the GASB Statement No. 3. Although all State statutory requirements for the deposits of money had been followed, non-compliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

D. INVESTMENTS

The District's investments are categorized below to give an indication of the level of credit risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the 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 District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or its trust department or agent but not in the District's name.

	Category			Fair
	1	2	3	Value
Overnight Repurchase Agreements	\$ -	\$ -	\$ 350,000	\$ 350,000
	\$ -	\$ -	\$ 350,000	\$ 350,000

CLOVERLEAF LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 5 DEPOSITS AND INVESTMENTS (continued)

D. INVESTMENTS (contintued)

The classification of cash and equivalents, and the investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classification of cash and equivalents and investments on the combined financial statments and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Equivalents / Deposits	Investments
GASB Statement No. 9	\$ 2,797,102	\$ -
Investments of the Cash Management Pool:		
Overnight Repurchase Agreements	(350,000)	350,000
Cash on hand	(50)	-
GASB Statement No. 3	\$ 2,447,052	\$ 350,000

NOTE 6 FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. GENERAL FIXED ASSETS ACCOUNT GROUP

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

	Balance July 1, 1999	Additions	Disposals	Balance June 30, 2000
Land	\$ 1,033,952	\$ 20,775	\$ -	\$ 1,054,727
Buildings and improvements	8,778,276	-	-	8,778,276
Equipment and furniture	3,473,824	243,684	73,394	3,644,114
Vehicles	1,470,479	168,515	382,870	1,256,124
Books	1,605,838	85,991	-	1,691,829
	\$ 16,362,369	\$ 518,965	\$ 456,264	\$ 16,425,070

B. PROPRIETARY FUND TYPE FIXED ASSETS

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

	Balance June 30, 2000
<u>Enterprise</u>	
Equipment and furniture	\$ 271,442
Less accumulated depreciation	184,930
Net fixed assets	\$ 86,512

CLOVERLEAF LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 7 DEFERRED REVENUE

Deferred revenue at year-end, consisted of:

	Balance June 30, 2000
Property taxes	\$ 9,400,307
Federal commodities, unused	5,503
	\$ 9,405,810

NOTE 8 INSTALLMENT PLAN PAYABLE

The installment plan payable outstanding at year-end consisted of:

	Outstanding June 30, 1999	Additions	Deductions	Outstanding June 30, 2000
Water line tie-in (1997) 6.12% through 2007	\$ 142,128	\$ -	\$ 14,789	\$ 127,339

The general fund is being used to repay the installment plan. Debt service requirements, including principal and interest, to retire the installment plan are as follows:

Year ending June 30,	Principal	Interest	Total
2001	15,720	7,357	23,077
2002	16,709	6,368	23,077
2003	17,761	5,316	23,077
2004	18,879	4,198	23,077
2005	20,067	3,009	23,076
2006 - 2007	38,203	2,180	40,383
	\$ 127,339	\$ 28,428	\$ 155,767

NOTE 9 NOTES PAYABLE

Notes payable at year-end consisted of:

	Outstanding June 30, 1999	Additions	Deductions	Outstanding June 30, 2000
Tax anticipation, (1999) 3.55% through 2001	\$ 600,000	\$ -	\$ 300,000	\$ 300,000

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 9 NOTES PAYABLE (continued)

Debt service requirements, including principal and interest, to retire the notes payable outstanding at June 30, 2000, consisted of:

Year ending June 30, 2001	Principal	Interest	Total
\$ 300,000	\$ 10,650	\$ 310,650	\$ 310,650

NOTE 10 GENERAL LONG-TERM DEBT

Changes in general long-term debt are as follows:

	Outstanding June 30, 1999	Additions	Deductions	Outstanding June 30, 2000
Intergovernmental payable	\$ 193,954	\$ 232,026	\$ 193,954	\$ 232,026
Installment plan payable	142,128	-	14,789	127,339
Capital leases	315,637	-	63,577	252,060
Compensated absences	1,607,187	177,775	128,340	1,656,622
	\$ 2,258,906	\$ 409,801	\$ 400,660	\$ 2,268,047

Compensated absences and intergovernmental payable are being paid from the fund from which the employee is paid. The general fund is being used to repay the capital leases.

NOTE 11 CAPITAL LEASES

The Cloverleaf Local School District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the general fixed asset account group and the general long-term debt account group, respectively. The assets under capital leases totaled \$ 401,002 at June 30, 2000. The leases are in effect through fiscal year 2004.

The following is a schedule of future minimum lease payments under capital leases together with the net present value of the minimum lease payments as of June 30, 2000.

	Year ending June 30,	Amount
	2001	\$ 82,595
	2002	82,595
	2003	75,113
	2004	42,361
Total minimum lease payments		282,664
Less amount representing interest		(30,604)
Net present value of minimum lease payments		\$ 252,060

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 12 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Taxes collected on real property, other than public utility, in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the Medina County Auditor at 35% of the appraised market value. All property is required to be revalued every six years, the last update was completed for 1998. Real property taxes are payable annually or semi-annually. The first payment is due on or about January 20, with the remainder payable on or about June 20.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88% of its true value. Public utility property taxes are payable on the same dates as real personal property taxes described earlier.

The Medina County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the District its portion of the taxes collected.

The tax applied to real property collected in 2000 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$ 55.80 per \$ 1,000 of valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$ 27.62 per \$ 1,000 of assessed valuation for real property classified as residential/agricultural and \$ 34.68 per \$ 1,000 of assessed valuation for all other real property. The tax rate applied to tangible personal property for the current year ended June 30, 2000, was \$ 55.80 per \$ 1,000 of valuation. Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivables therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

CLOVERLEAF LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 12 PROPERTY TAXES (continued)

The amount available as an advance at June 30, 2000 is recognized as revenue. The amount available to the District as an advance at June 30, 2000 was \$490,055 and is reflected as a reservation of fund balance for future appropriations.

The property valuation consisted of:

Real Property - 1999	
Residential / Agricultural	\$ 269,378,300
Commercial / Industrial	42,700,790
Public Utilities	397,190
Mineral	503,670
Tangible Personal Property - 2000	
General	19,444,740
Public Utilities	16,467,850
	\$ 348,892,540

NOTE 13 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2000 is as follows:

Fund	Receivable	Payable
General	\$ 50,500	\$ -
District Managed Activities (Special Revenue)	-	10,000
Food Service (Enterprise)	-	40,000
Student Managed Activities (Agency)	-	500
Totals	\$ 50,500	\$ 50,500

NOTE 14 DUE TO/ FROM OTHER FUNDS

The balance of the due to/due from other funds account at June 30, 2000 is as follows:

Fund	Receivable	Payable
General	\$ 32,598	\$ 155
Public School Support (Special Revenue)	-	90
Miscellaneous State Grants (Special Revenue)		32,598
Food Service (Enterprise)	245	-
Totals	\$ 32,843	\$ 32,843

NOTE 15 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 Nationwide Insurance. The deductible is \$ 1,000 per incident on property, \$100 per incident on computer equipment and \$ 250 per incident on other equipment.

All vehicles are also insured with Nationwide Insurance Company and have a \$ 250 deductible. All board members, administrators and employees are covered under a school district liability policy with Nationwide. The limits of this coverage are \$ 1,000,000 per occurrence and \$ 3,000,000 per aggregate and an additional \$ 4,000,000 umbrella policy.

All the Board members, the Superintendent and the Assistant Superintendent have a \$ 20,000 position bond with Nationwide Insurance. The Treasurer is covered by a surety bond in the amount of \$ 20,000. This bond is provided by the Ohio Farmers Insurance Company.

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

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

The District has contracted with Stark County Schools Insurance Consortium (SCSIC) to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The SCSIC is a shared risk pool comprised of fourteen school districts that provide public education within Stark County. The districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$ 200,000 per participant and an aggregate stop-loss provision of \$37,239,850.

Premium contributions are determined annually based on the claims experience of the individual district. Premiums can be increased or decreased by up to 20% of the prior year's contribution. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating Districts' claims would be paid without regard to their individual account balances. The SCSIC Board of Directors has authority to return monies to an exiting District subsequent to the settlement of all claims and expenses.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 15 RISK MANAGEMENT (continued)

The health insurance is through Mutual Health Services Company. The life insurance is term life with a limit of \$ 35,000 for classified employees and \$ 40,000 for certified employees through UNUM Life Insurance Company of America.

NOTE 16 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Cloverleaf Local School District contributes to the School Employees Retirement System of Ohio, a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established and may be amended by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand alone financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio, 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent, which is an actuarially determined rate by SERS's Retirement Board. The contributions requirements of the plan members and employees are established and may be amended up to the statutory maximum amounts. The District's contributions for pension obligations to SERS for the years ended June 30, 2000, 1999, and 1998 were \$ 223,753, \$ 237,731, and \$ 223,061, respectively; 39.2 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$ 286,519 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and general long-term debt account group.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The Cloverleaf Local School District contributes to the State Teachers Retirement System of Ohio, a cost-sharing multiple employer defined benefit pension plan administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established and may be amended 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 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established and may be amended by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Cloverleaf Local School District's contributions for pension obligations to STRS for the years ended June 30, 2000, 1999, and 1998 were \$ 1,644,836, \$ 608,003 and \$ 1,007,846 respectively. The District paid 100% of the required contributions for the fiscal years ended 1999 and 1998, and 82.3% of the required contribution for the fiscal year ended 2000. \$ 265,836 representing the unpaid contribution for the fiscal year 2000 is recorded as a liability within the respective funds.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 17 POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients.

Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999 (the latest information available) the allocation rate was 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$ 12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$ 126,380,984 and the target level was \$ 189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$ 188.0 million.

The number of participants statewide currently receiving health care benefits is approximately 51,000. The portion of the District's contributions that were used to fund postemployment benefits was \$ 247,608 during the 2000 fiscal year.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

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

The Retirement Board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$ 2,783 million at June 30, 1999 (the latest information available). The Health Care Reserve Fund allocation for the year ended June 30, 2000 was 8% of covered payroll. The portion of the District's contributions that were used to fund postemployment benefits was \$ 859,681 during the 2000 fiscal year. For the year ended June 30, 1999, the net health care costs paid by STRS Ohio were \$ 249,929,000. There were 95,796 eligible benefit recipients statewide at June 30, 1999.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18 CONTINGENCIES

The Cloverleaf Local School District, is a defendant in certain lawsuits, the outcomes of which cannot be determined. It is the opinion of the District's management that any judgement against the District would not have a material adverse effect on the District's financial position.

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by 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 District at June 30, 2000.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 19 SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	Food Service	Uniform School Supplies	Community Education	Total
	\$ 589,253	\$ 6,714	\$ 309,856	\$ 905,823
Salaries and wages	271,947	-	264,739	536,686
Fringe benefits	93,057	-	32,964	126,021
Contractual services	425,336	-	36,428	461,764
Materials and supplies	58,647	5,713	27,810	92,170
Other expenses	1,703	-	1,008	2,711
Depreciation	2,758	-	3,055	5,813
	<u>853,448</u>	<u>5,713</u>	<u>366,004</u>	<u>1,225,165</u>
	(264,195)	1,001	(56,148)	(319,342)
	238,162	-	-	238,162
	44,277	-	20,000	64,277
	<u>\$ 18,244</u>	<u>\$ 1,001</u>	<u>\$ (36,148)</u>	<u>\$ (16,903)</u>
Net working capital	<u>\$ (54,884)</u>	<u>\$ 11,236</u>	<u>\$ 46,056</u>	<u>\$ 2,408</u>
Fixed asset, additions	<u>\$ 11,506</u>	<u>\$ -</u>	<u>\$ 2,293</u>	<u>\$ 13,799</u>
Total assets	<u>\$ 136,419</u>	<u>\$ 11,236</u>	<u>\$ 87,919</u>	<u>\$ 235,574</u>
Total equity	<u>\$ 2,566</u>	<u>\$ 11,236</u>	<u>\$ 75,118</u>	<u>\$ 88,920</u>

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 20 RETIREMENT INCENTIVE PLAN

The Cloverleaf Local Board of Education has adopted a Retirement Incentive Program for all STRS employees. A bargaining unit member who first becomes eligible for retirement through STRS (under the provisions of section 3307.38 of the Ohio Revised Code) by the end of the 1999-2000 school year can receive a one-time payment of \$ 20,000. Written notice was required to be submitted to the OEA Medina Uniserv office by April 1, 2000 of the employee's intent to retire at the end of the 1999-2000 school year and the employee must actually retire at the end of the school year. At June 30, 2000, compensated absences include \$ 40,000 of early retirement incentives recorded in the general fund.

NOTE 21 JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATION COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center for Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio, 44035. During the year ended June 30, 2000, the District paid approximately \$ 64,800 to LEECA for basic service charges.

B. OHIO SCHOOLS COUNCIL OF GOVERNMENTS

The Ohio Schools Council is a jointly governed organization among fourteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provided operating resources to Ohio Schools Council on a per pupil or actual usage charge except for insurance.

The Ohio Schools Council assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. Ohio Schools Council is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Ohio Schools Council located at 6376 Mill Road, Broadview Heights, Ohio, 44147. During the year ended June 30, 2000, the District paid approximately \$ 57,900 to Ohio Schools Council.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 22 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 Ohio General Assembly 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 District received \$ 9,370,802 of school foundation support, all of which was recorded to its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has 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 5, 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.

NOTE 23 CONTRACTUAL COMMITMENTS

As of June 30, 2000 the District had contractual commitments totaling \$ 203,089, of this \$ 59,589 is for construction projects and \$ 143,500 is committed to purchase new buses.

NOTE 24 UTILITY COMPANY PROPERTY DEVALUATION

Currently public utility personal property is assessed at 88% of value. Privately owned personal property is assessed at 25% of value. This disparity occurs because public utilities in Ohio are afforded monopoly power over their areas of service. There is a proposed change to deregulate the electric utility industry in Ohio. This change would allow electric utility personal property to be valued at 25% of value, meaning a substantial reduction in tax dollars for all public entities. If this occurs it is expected that all public utilities would follow suit. As of the date of these financial statements, the District is unable to determine what effect if any this proposed change would have on its property taxes funding and on its operations if it is approved by the Ohio Legislature.

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 25 STATUTORY RESERVES

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

	<u>Textbook</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>
Balance, July 1, 1999	\$ -	\$ -	\$ 258,396
Required set aside	471,251	471,251	157,084
Offset credits	-	-	-
Qualifying expenditures	<u>(615,814)</u>	<u>(1,133,879)</u>	<u>-</u>
Balance, June 30, 2000	<u>\$ (144,563)</u>	<u>\$ (662,628)</u>	<u>\$ 415,480</u>
Balance carried forward to reduce future set aside requirements	\$ (144,563)		

Since the qualifying expenditures for the capital maintenance reserve exceeded the fiscal year 2000 requirement, no amount will be carried forward to June 30, 2000. The District may use the negative amount in the textbook to reduce set aside requirements of future years. Amounts remaining at fiscal year end have been set aside to satisfy statutory requirements and are represented by restricted cash on the combined balance sheet. Corresponding amounts are reported as reserves of fund balances.

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

Board of Education
Cloverleaf Local School District
8525 Friendsville Road
Lodi, Ohio 44254

We have audited the general purpose financial statements of the Cloverleaf Local School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated December 15, 2000. 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose 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 a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 15, 2000.

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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

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

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is stylized with a large initial "G" and a long horizontal line extending from the "B".

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

December 15, 2000

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

Board of Education
Cloverleaf Local School District
8525 Friendsville Road
Lodi, Ohio 44254

Compliance

We have audited the compliance of the Cloverleaf Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 Cloverleaf Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 15, 2000.

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

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.

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



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

December 15, 2000

Cloverleaf Local School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2000

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution	10.550	----	\$52,801	\$57,469
School Breakfast Program	10.553	----	22,481	22,481
National School Lunch Program	10.555	----	145,671	145,671
			220,953	225,621
Total U.S. Department of Agriculture - Child Nutrition Cluster				
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Education:</i>				
Eisenhower Professional Development State Grants	84.281	048488-MS-S1-2000	3,930	0
Eisenhower Professional Development State Grants	84.281	048488-MS-S1-1999	0	8,083
			3,930	8,083
Total Eisenhower				
Innovative Education Program Strategies (ESEA Title VI)	84.298	048488-C2-S1-2000	17,832	14,983
Innovative Education Program Strategies (ESEA Title VI)	84.298	048488-C2-S1-1999C	2,366	2,071
Innovative Education Program Strategies (ESEA Title VI)	84.298	048488-C2-S1-1999	0	2,003
			20,198	19,057
Total Innovative Education Program Strategies				
Title I Grants to Local Educational Agencies	84.010	048488-C1-S1-2000	248,734	202,366
Title I Grants to Local Educational Agencies	84.010	048488-C1-S1-1999	26,000	71,100
			274,734	273,466
Total Title I				
Safe and Drug-Free Schools and Communities - State Grants	84.186	048488-DR-S1-2000	15,797	15,666
Safe and Drug-Free Schools and Communities - State Grants	84.186	048488-DR-S1-1998C	0	397
			15,797	16,063
Total Safe and Drug-Free Schools				
Class Size Reduction (Title VI-R)	84.340	048488-CR-S1-2000	37,927	33,092
Special Education Cluster:				
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	048488-6B-SF-2000P	218,176	184,509
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	048488-6B-ST-2000	50,000	0
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	048488-6B-SF-1999P	0	27,181
			268,176	211,690
Total Title VI-B Flow-Thru				
Special Education - Preschool Grants	84.173	048488-PG-S1-2000P	10,931	10,181
Special Education - Preschool Grants	84.173	048488-PG-S1-1999P	0	6,926
			10,931	17,107
Total Preschool Grants				
Total Special Education Cluster			279,107	228,797
Goals 2000 - State and Local Educational Systemic Improvement Grants	84.276	048488-G2-RC-2000	1,153	1,153
Total U.S. Department of Education			632,846	579,711
Total Federal Assistance			\$853,799	\$805,332

CLOVERLEAF LOCAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. The information in the 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 the schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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

FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

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

FOR THE YEAR ENDED JUNE 30, 2000
(CONTINUED)

(d)(1)(vii)	Major Programs:	Special Education Cluster: Special Education – Grants to States (Title VI-B Flow-Thru), CFDA #84.027 and Special Education – Preschool Grants, CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

CLOVERLEAF LOCAL SCHOOL DISTRICT

MEDINA 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
MARCH 13, 2001**