



**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**SINGLE AUDIT**

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



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

---

**STATE OF OHIO**



**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Fund .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types and Similar Trust Fund .....	7
Combined Statement of Revenues, Expenses, and Changes in Fund Equity All Proprietary Fund Types and Similar Trust Funds .....	10
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds .....	11
Notes to the General Purpose Financial Statements .....	13
Schedule of Receipts and Expenditures of Federal Awards .....	39
Notes to Schedule of Receipts and Expenditures of Federal Awards .....	41
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	43
Report of Independent Accountants on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A-133 .....	45
Schedule of Findings .....	47

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Medina City School District  
Medina County  
120 West Washington Street  
Medina, Ohio 44256

To the Board of Education:

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

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

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

As more fully discussed in Note 20 to the general purpose financial statements, the District restated its fund balance in the Capital Projects Fund to correct a prior period classification error related to amount to be provided from general government resources.

The District also restated its fund balances in the General, Special Revenue, Capital Projects, and Expendable Trust funds to correct for understatement of prior year encumbrances reappropriated.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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.

The accompanying Schedule of Receipts and 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.

**Jim Petro**  
Auditor of State

December 29, 2000

**This page intentionally left blank.**

**Medina City School District  
Medina County  
Combined Balance Sheet  
All Fund Types and Account Groups  
As of June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$17,289,064	\$991,860	\$1,012,061	\$71,581,496
Investments	1,167,252			4,832,748
Receivables:				
Taxes	29,968,422		5,986,562	500,799
Intergovernmental				
Inventory Held for Resale				
Materials and Supplies Inventory	42,013			
Prepaid Items	266,251	12,006		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	2,146,714			
Fixed Assets (Net, where applicable, of accumulated depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Long Term Obligations				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$50,879,716</b>	<b>\$1,003,866</b>	<b>\$6,998,623</b>	<b>\$76,915,043</b>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$629,037	\$91,920		\$731,882
Contracts Payable				207,559
Accrued Wages	3,795,021	106,719		
Compensated Absences Payable				
Intergovernmental Payable	852,519	10,704		
Deferred Revenue	28,889,689		\$5,739,215	487,292
Due to Students				
Notes Payable				345,000
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<b>34,166,266</b>	<b>209,343</b>	<b>5,739,215</b>	<b>1,771,733</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Inventory	42,013			
Reserved for Encumbrances	2,259,707	50,258		14,464,267
Reserved for Property Taxes	1,078,733		247,347	13,507
Reserved for Prepaid Items	266,251	12,006		
Reserved for Budget Stabilization	2,146,714			
Reserved for Endowment				
Unreserved, Undesignated	10,920,032	732,259	1,012,061	60,665,536
<b>Total Fund Equity and Other Credits</b>	<b>16,713,450</b>	<b>794,523</b>	<b>1,259,408</b>	<b>75,143,310</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$50,879,716</b>	<b>\$1,003,866</b>	<b>\$6,998,623</b>	<b>\$76,915,043</b>

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



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$445,175	\$74,977	\$737,491 8,957			\$92,132,124 6,008,957
					36,455,783
22,588					22,588
13,763					13,763
9,527					51,540
9,867	3,989				292,113
					2,146,714
69,682			\$46,091,043		46,160,725
				\$1,259,408	1,259,408
				95,111,328	95,111,328
<u>\$570,602</u>	<u>\$78,966</u>	<u>\$746,448</u>	<u>\$46,091,043</u>	<u>\$96,370,736</u>	<u>\$279,655,043</u>
\$1,435		\$1,800			\$1,456,074
					207,559
69,973	\$17,314				3,989,027
75,641				\$4,511,831	4,587,472
16,022	6,915			353,891	1,240,051
13,763					35,129,959
		204,721			204,721
					345,000
				91,505,014	91,505,014
176,834	24,229	206,521		96,370,736	138,664,877
			\$46,091,043		46,091,043
104,727					104,727
289,041	54,737				343,778
					42,013
					16,774,232
					1,339,587
					278,257
					2,146,714
		388,732			388,732
		151,195			73,481,083
<u>393,768</u>	<u>54,737</u>	<u>539,927</u>	<u>46,091,043</u>		<u>140,990,166</u>
<u>\$570,602</u>	<u>\$78,966</u>	<u>\$746,448</u>	<u>\$46,091,043</u>	<u>\$96,370,736</u>	<u>\$279,655,043</u>

**Medina City School District  
Medina County  
Combined Statement of Revenues, Expenditures and Changes in Fund  
Balances - All Governmental Fund Types and Similar Trust Fund  
Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$29,516,523		\$3,793,746	\$482,303		\$33,792,572
Intergovernmental	14,086,244	\$1,898,062	429,843	34,617		16,448,766
Interest	1,464,133	6,149		3,908,807	(\$1,053)	6,369,896
Tuition and Fees	288,519					288,519
Charges for Services	23,658					23,658
Rent	34,945					34,945
Gifts and Donations		181,416			1,500	182,916
Extracurricular Activities		781,800			2,100	783,900
Miscellaneous	55,809	118,005		7,899		181,713
<b>Total Revenue</b>	<b>45,469,831</b>	<b>2,985,432</b>	<b>4,223,589</b>	<b>4,433,626</b>	<b>2,547</b>	<b>58,106,885</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	20,732,525	241,636		80,088		21,054,249
Special	4,769,921	465,749				5,235,670
Vocational	481,251					481,251
Other	1,309,972					1,309,972
Support Services:						
Pupils	2,272,429	239,913				2,512,342
Instructional Staff	2,114,323	424,767				2,539,090
Board of Education	55,603					55,603
Administration	2,943,276	553,925				3,497,201
Fiscal	1,007,566		61,399	8,569		1,077,534
Business	420,476	17,556				438,032
Operation and Maintenance	4,022,753			642,709		4,665,462
Pupil Transportation	2,498,785	8,567				2,507,352
Central	176,712	62,735				239,447
Non-Instructional Services		477,146			7,800	484,946
Extracurricular Activities	689,596	437,992				1,127,588
Capital Outlay	298,795	84,903		6,428,907		6,812,605
Debt Service:						
Principal Retirement			533,855			533,855
Interest and Fiscal Charges			4,043,023	30,300		4,073,323
<b>Total Expenditures</b>	<b>43,793,983</b>	<b>3,014,889</b>	<b>4,638,277</b>	<b>7,190,573</b>	<b>7,800</b>	<b>58,645,522</b>
Excess of Revenues Over (Under) Expenditures	1,675,848	(29,457)	(414,688)	(2,756,947)	(5,253)	(538,637)
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In				190,300		190,300
Proceeds from Sale of Bonds				77,649,923		77,649,923
Proceeds from the Sale of Fixed Assets	22,147					22,147
Refund of Prior Year Expenditures	29,409	2,195				31,604
Other Financing Sources		87,191	14,117			101,308
Operating Transfers Out	(237,800)					(237,800)
Refund of Prior Year Receipts		(49,000)				(49,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(186,244)</b>	<b>40,386</b>	<b>14,117</b>	<b>77,840,223</b>		<b>77,708,482</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,489,604	10,929	(400,571)	75,083,276	(5,253)	77,169,845
Fund Balances at Beginning of Year as Restated	15,223,846	783,594	1,659,979	60,034	47,596	18,280,048
<b>Fund Balances at End of Year</b>	<b>\$16,713,450</b>	<b>\$794,523</b>	<b>\$1,259,408</b>	<b>\$75,143,310</b>	<b>\$42,343</b>	<b>\$95,449,893</b>

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

**Medina City School District**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Similar Trust Fund**  
**For Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$30,721,800	\$29,733,293	(\$988,507)			
Intergovernmental	11,905,997	14,086,244	2,180,247	\$1,980,839	\$1,898,062	(\$82,777)
Interest	1,237,516	1,464,133	226,617	9,056	6,149	(2,907)
Extracurricular Activities				913,600	781,800	(131,800)
Tuition and Fees	243,862	288,519	44,657			
Gifts and Donations				209,938	181,416	(28,522)
Miscellaneous	97,796	115,705	17,909	44,980	118,005	73,025
<b>Total Revenue</b>	<b>44,206,971</b>	<b>45,687,894</b>	<b>1,480,923</b>	<b>3,158,413</b>	<b>2,985,432</b>	<b>(172,981)</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	20,688,167	20,685,681	2,486	421,456	222,241	199,215
Special	5,133,372	4,843,700	289,672	515,894	444,059	71,835
Vocational	533,732	476,207	57,525			
Other	1,469,619	1,279,648	189,971			
Support Services:						
Pupils	2,263,450	2,252,770	10,680	329,076	246,896	82,180
Instructional Staff	2,009,627	2,120,867	(111,240)	649,050	447,577	201,473
Board of Education	61,930	57,303	4,627			
Administration	3,067,376	2,996,375	71,001	799,348	565,249	234,099
Fiscal	1,120,197	1,097,937	22,260			
Business	692,166	666,373	25,793	50,674	21,093	29,581
Operation and Maintenance	5,127,211	5,033,285	93,926			
Pupil Transportation	3,194,008	3,105,408	88,600	23,000	12,027	10,973
Central	201,724	191,930	9,794	66,106	62,735	3,371
Non-Instructional Services						
Extracurricular Activities	612,819	689,271	(76,452)	584,199	486,739	97,460
Capital Outlay	339,052	338,875	177	84,940	84,903	37
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<b>46,514,450</b>	<b>45,835,630</b>	<b>678,820</b>	<b>4,134,869</b>	<b>3,094,194</b>	<b>1,040,675</b>
Excess of Revenues Over (Under) Expenditures	(2,307,479)	(147,736)	2,159,743	(976,456)	(108,762)	867,694
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In						
Proceeds from Sale of Bonds						
Proceeds from the Sale of Fixed Assets		22,147	22,147			
Refund of Prior Year Expenditures	10,000	29,410	19,410		2,195	2,195
Advances In	178,200	178,200		125,000	125,000	
Other Financing Sources				87,446	87,191	(255)
Operating Transfers Out	(467,132)	(427,100)	40,032			
Refund of Prior Year Receipts					(49,000)	(49,000)
Advances Out	(162,635)	(125,000)	37,635	(178,200)	(178,200)	
<b>Total Other Financing Sources (Uses)</b>	<b>(441,567)</b>	<b>(322,343)</b>	<b>119,224</b>	<b>34,246</b>	<b>(12,814)</b>	<b>(47,060)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,749,046)	(470,079)	2,278,967	(942,210)	(121,576)	820,634
Fund Balances at Beginning of Year as restated	16,197,444	16,197,444		756,071	756,071	
Prior Year Encumbrances Reappropriated	1,986,922	1,986,922		215,187	215,187	
<b>Fund Balances at End of Year</b>	<b>\$15,435,320</b>	<b>\$17,714,287</b>	<b>\$2,278,967</b>	<b>\$29,048</b>	<b>\$849,682</b>	<b>\$820,634</b>

The notes to the general purpose statements are an integral part of this statement

**Medina City School District**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Similar Trust Fund**  
**For Fiscal Year Ended June 30, 2000**

	Debt Service			Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$3,525,241	\$3,619,485	\$94,244	\$451,327	\$485,058	\$33,731
Intergovernmental	429,843	429,843		31,603	34,617	3,014
Interest				2,282,964	3,908,807	1,625,843
Extracurricular Activities						
Tuition and Fees						
Gifts and Donations						
Miscellaneous				16,000	7,822	(8,178)
<b>Total Revenue</b>	<b>3,955,084</b>	<b>4,049,328</b>	<b>94,244</b>	<b>2,781,894</b>	<b>4,436,304</b>	<b>1,654,410</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular				221,589	160,023	61,566
Special						
Vocational						
Other						
Support Services:						
Pupils						
Instructional Staff						
Board of Education						
Administration						
Fiscal	58,195	61,399	(3,204)	14,595	8,569	6,026
Business						
Operation and Maintenance				814,625	806,685	7,940
Pupil Transportation						
Central						
Non-Instructional Services						
Extracurricular Activities						
Capital Outlay				35,272,287	21,187,965	14,084,322
Debt Service:						
Principal Retirement	693,855	693,855				
Interest and Fiscal Charges	4,073,323	4,073,323				
<b>Total Expenditures</b>	<b>4,825,373</b>	<b>4,828,577</b>	<b>(3,204)</b>	<b>36,323,096</b>	<b>22,163,242</b>	<b>14,159,854</b>
Excess of Revenues Over (Under)						
Expenditures	(870,289)	(779,249)	91,040	(33,541,202)	(17,726,938)	15,814,264
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	379,600	379,600				
Proceeds from Sale of Bonds				77,866,580	77,650,000	(216,580)
Proceeds from the Sale of Fixed Assets						
Refund of Prior Year Expenditures						
Advances In						
Other Financing Sources	3,403	14,117	10,714			
Operating Transfers Out						
Refund of Prior Year Receipts						
Advances Out						
<b>Total Other Financing Sources (Uses)</b>	<b>383,003</b>	<b>393,717</b>	<b>10,714</b>	<b>77,866,580</b>	<b>77,650,000</b>	<b>(216,580)</b>
Excess of Revenues and Other Financing						
Sources Over (Under) Expenditures and	(487,286)	(385,532)	101,754	44,325,378	59,923,062	15,597,684
Other Financing Uses						
Fund Balances at Beginning of Year as restated	1,383,167	1,383,167		767,850	767,850	
Prior Year Encumbrances Reappropriated	14,426	14,426		527,183	527,183	
<b>Fund Balances at End of Year</b>	<b>\$910,307</b>	<b>\$1,012,061</b>	<b>\$101,754</b>	<b>\$45,620,411</b>	<b>\$61,218,095</b>	<b>\$15,597,684</b>

The notes to the general purpose statements are an integral part of this statement

**Medina City School District**  
**Combined Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Similar Trust Fund**  
**For Fiscal Year Ended June 30, 2000**

	Expendable Trust			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes				\$34,698,368	\$33,837,836	(\$860,532)
Intergovernmental				14,348,282	16,448,766	2,100,484
Interest	\$2,600	(\$1,053)	(\$3,653)	3,532,136	5,378,036	1,845,900
Extracurricular Activities	2,500	2,100	(400)	916,100	783,900	(132,200)
Tuition and Fees				243,862	288,519	44,657
Gifts and Donations	1,500	1,500		211,438	182,916	(28,522)
Miscellaneous				158,776	241,532	82,756
<b>Total Revenue</b>	<b>6,600</b>	<b>2,547</b>	<b>(4,053)</b>	<b>54,108,962</b>	<b>57,161,505</b>	<b>3,052,543</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular				21,331,212	21,067,945	263,267
Special				5,649,266	5,287,759	361,507
Vocational				533,732	476,207	57,525
Other				1,469,619	1,279,648	189,971
Support Services:						
Pupils				2,592,526	2,499,666	92,860
Instructional Staff				2,658,677	2,568,444	90,233
Board of Education				61,930	57,303	4,627
Administration				3,866,724	3,561,624	305,100
Fiscal				1,192,987	1,167,905	25,082
Business				742,840	687,466	55,374
Operation and Maintenance				5,941,836	5,839,970	101,866
Pupil Transportation				3,217,008	3,117,435	99,573
Central				267,830	254,665	13,165
Non-Instructional Services	13,990	9,600	4,390	625,116	510,275	114,841
Extracurricular Activities				1,197,018	1,176,010	21,008
Capital Outlay				35,696,279	21,611,743	14,084,536
Debt Service:						
Principal Retirement				693,855	693,855	
Interest and Fiscal Charges				4,073,323	4,073,323	
<b>Total Expenditures</b>	<b>13,990</b>	<b>9,600</b>	<b>4,390</b>	<b>91,811,778</b>	<b>75,931,243</b>	<b>15,880,535</b>
Excess of Revenues Over (Under)						
Expenditures	(7,390)	(7,053)	337	(37,702,816)	(18,769,738)	18,933,078
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In				379,600	379,600	
Proceeds from Sale of Bonds				77,866,580	77,650,000	(216,580)
Proceeds from the Sale of Fixed Assets					22,147	22,147
Refund of Prior Year Expenditures				10,000	31,605	21,605
Advances In				303,200	303,200	
Other Financing Sources				90,849	101,308	10,459
Operating Transfers Out				(467,132)	(427,100)	40,032
Refund of Prior Year Receipts					(49,000)	(49,000)
Advances Out				(340,835)	(303,200)	37,635
<b>Total Other Financing Sources (Uses)</b>				<b>77,842,262</b>	<b>77,708,560</b>	<b>(133,702)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,390)	(7,053)	337	40,139,446	58,938,822	18,799,376
Fund Balances at Beginning of Year as restated	47,595	47,595		19,152,127	19,152,127	
Prior Year Encumbrances Reappropriated	1,800	1,800		2,745,518	2,745,518	
<b>Fund Balances at End of Year</b>	<b>\$42,005</b>	<b>\$42,342</b>	<b>\$337</b>	<b>\$62,037,091</b>	<b>\$80,836,467</b>	<b>\$18,799,376</b>

The notes to the general purpose statements are an integral part of this statement

**Medina City School District  
Medina County  
Combined Statement of Revenues, Expenses and Changes in Fund Equity  
All Proprietary Fund Types and Similar Trust Funds  
Fiscal Year Ended June 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>				
Sales	\$1,210,132			\$1,210,132
Tuition		\$112,801		112,801
Other Revenues		61,498		61,498
	<u>1,210,132</u>	<u>174,299</u>		<u>1,384,431</u>
<b>Operating Expenses:</b>				
Salaries	461,295	105,498		566,793
Fringe Benefits	225,586	19,552		245,138
Purchased Services	37,552	1,912		39,464
Materials and Supplies		152		152
Cost of Sales	644,364			644,364
Depreciation	13,292			13,292
Other Operating Expenses		52,213	\$30,250	82,463
	<u>1,382,089</u>	<u>179,327</u>	<u>30,250</u>	<u>1,591,666</u>
Operating Income (Loss)	(171,957)	(5,028)	(30,250)	(207,235)
<b>Non-Operating Revenues:</b>				
Federal Donated Commodities	39,896			39,896
Federal and State Subsidies	132,519			132,519
Interest	15,075		(38,394)	(23,319)
Refund of Prior Years Expense				
	<u>187,490</u>		<u>(38,394)</u>	<u>149,096</u>
Net Income (Loss) Before Operating Transfers	15,533	(5,028)	(68,644)	(58,139)
Transfers in		41,500		41,500
Net Income(Loss)	15,533	36,472	(68,644)	(16,639)
Retained Earnings at Beginning of Year	273,508	18,265	566,228	858,001
Retained Earnings/Fund Balance at End of Year	289,041	54,737	497,584	841,362
Contributed Capital	104,727			104,727
Total Fund Equity at End of Year	<u>\$393,768</u>	<u>\$54,737</u>	<u>\$497,584</u>	<u>\$946,089</u>

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

**Medina City School District  
Medina County  
Combined Statement of Cash Flows  
All Proprietary Fund Types and Similar Trust Funds  
Fiscal Year Ended June 30, 2000**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flow from Operating Activities:</b>				
Cash Received from Customers	\$1,210,132	\$174,299		\$1,384,431
Cash Payments to Suppliers for Goods and Services	(640,471)	(152)		(640,623)
Cash Payments to Employees for Services	(471,734)	(81,269)		(553,003)
Cash Payments for Employee Benefits	(216,906)	(23,541)		(240,447)
Cash Payments for Other Expenses		(54,125)	(\$30,250)	(84,375)
Net Cash Provided by (Used For) Operating Activities	(118,979)	15,212	(30,250)	(134,017)
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	154,757			154,757
Operating Transfers In		41,500		41,500
Net Cash Provided by Noncapital Financing Activities	154,757	41,500		196,257
<b>Cash Flow for Investing Activities:</b>				
Interest on Investments	15,075		(38,393)	(23,318)
Net Increase (Decrease) in Cash and Cash Equivalents	50,853	56,712	(68,643)	38,922
Cash and Cash Equivalents at Beginning of Year	394,322	18,265	566,227	978,814
Cash and Cash Equivalents at End of Year	<u>\$445,175</u>	<u>\$74,977</u>	<u>\$497,584</u>	<u>\$1,017,736</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(171,957)	(5,028)	(30,250)	(207,235)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Depreciation	13,292			13,292
Donated Commodities Used During Year	39,896			39,896
(Increase)/Decrease in Assets:				
Materials and Supplies Inventory	114			114
Prepaid Items	78	(3,989)		(3,911)
Increase/(Decrease) in Liabilities:				
Accounts Payable	(775)	6,915		6,140
Accrued Wages	(6,527)	17,314		10,787
Compensated Absences Payable	8,602			8,602
Intergovernmental Payable	(1,702)			(1,702)
Total Adjustments	<u>52,978</u>	<u>20,240</u>		<u>73,218</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$118,979)</u>	<u>\$15,212</u>	<u>(\$30,250)</u>	<u>(\$134,017)</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet				
Agency Fund	\$204,721			
Expendable Trust	44,143			
Non-Expendable Trust	497,584			
Total Cash and Cash Equivalents for Trust and Agency	<u>\$746,448</u>			

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

**This page intentionally left blank.**



**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000

**Note 1 - Description of the School District**

The Medina City School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District is located in Medina County and encompasses the entire City of Medina and portions of surrounding townships. The District currently operates five elementary schools, two middle schools and one comprehensive high school staffed by 36 administrators, 414 certificated full-time teaching personnel, and 279 classified employees who provide services to 5,998 students and other community members.

*Reporting Entity*

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

*Non-public Schools* - Within the District boundaries, The Nurtury, St. Francis Xavier, Kids Country, and the First Baptist School are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the District, as directed by the schools. The activity of these State monies is reflected in a special revenue fund by the District for financial reporting purposes.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with two jointly governed organizations and an insurance purchasing pool. These organizations are the Medina County Career Center, Ohio Schools Council, and the Ohio School Boards Association Worker's Compensation Rating Program. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

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

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

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

*Governmental Fund Types*

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

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

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

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

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

*Proprietary Fund Types*

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

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

**A. Basis of Presentation - Fund Accounting (continued)**

The District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by

*Internal Service Fund* - Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

*Fiduciary Funds Types*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The District has expendable trust and nonexpendable trust funds. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. As a result, transfers in and out do not balance in the amount of \$6,000.

*Account Groups*

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

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

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

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

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

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

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

***B. Measurement Focus and Basis of Accounting (continued)***

The modified accrual basis of accounting is followed for governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after the fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and miscellaneous accounts (student fees and rent).

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

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as revenue. Unused donated commodities are reported as deferred revenue.

***C. Budgetary Process***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. 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 resolutions are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund, function, and object level within the general fund, capital projects funds, and debt service fund, and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

***C. Budgetary Process (continued)***

*Tax Budget*

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

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

*Estimated Resources*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of resources issued during the fiscal year 2000.

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of resources issued during the fiscal year 2000.

*Appropriations*

Upon receipt from the County Auditor of an amended certificate of estimated resources based upon final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures within the general fund, debt service fund, and the capital projects fund and at the fund level of expenditures for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

***C. Budgetary Process (continued)***

*Appropriations*

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

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

*Encumbrances*

As part of formal budgetary controls, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as reservations of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements (Note 17) for proprietary funds.

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

***D. Cash and Cash Equivalents***

To improve cash management, all cash received by the District is pooled. Monies for all governmental and proprietary funds, except trust fund investments, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2000, investments included repurchase agreements, certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Treasurer Notes, Federal Home Loan Bank, mutual funds, and common stock. Except for nonparticipating investment contracts, investments are reported at fair value which is based upon quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

***D. Cash and Cash Equivalents (continued)***

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 fiscal year 2000 amounted to \$1,464,133.

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 an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

***E. Inventory***

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

Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. Restricted Assets***

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

***G. Fixed Assets and Depreciation***

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

Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over a period of five to forty years, depending upon the classification of the asset. Improvements to enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

The Food Service Enterprise Fund reports contributed capital for fixed assets contributed by the General Fund. There were no changes in contributed capital during fiscal year 2000.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

**H. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

*General Fund*

- State Foundation Program
- School Bus Purchase
- State Property Tax Relief

Non-Reimbursable Grants

*Special Revenue Funds*

- Venture Capital
- Local Professional Development
- Gifted Program
- Educational Management Information System
- SchoolNet
- Data Communication
- Test/Instructional Material Subsidy
- Learn and Serve America
- Goals 2000
- Eisenhower Math/Science
- Auxiliary Services
- Title VI-B
- Title I
- Title VI
- Emergency Immigrant Education Assistance
- Drug Free Schools
- EHA Preschool
- Medina County Drug Abuse Commission (MCDAC)

Reimbursable Grants

*General Fund*

- Driver Education Reimbursement

*Proprietary Funds*

- National School Lunch Program
- Food Distribution Program

Grants and entitlements amounted to twenty-nine percent of the District's governmental fund revenue during the 2000 fiscal year.



**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

***I. Compensated Absences***

The District reports compensated absences in accordance with the provisions of GASB Statement No.16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

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

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

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

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

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

***K. Interfund Transactions***

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

**L. Fund Balance Reserves**

The District is required by State statute to annually set aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. The School District had offsets and qualifying disbursements for textbook and instructional material during the year that reduced the set-aside amounts below zero. Effective in the current fiscal year, extra amounts spent on textbook and instructional material may be used to reduce set-aside requirements for future years. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Amounts are also to be set-aside for budget stabilization if the District's revenues increase three percent or more from the prior year. The District has set aside an amount that exceeds requirements established by state statute.

During the fiscal year ended June 30, 2000 the reserve activity was as follows:

	Textbook Instructional Material Reserve	Capital Improvement Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7-1-99	\$0	\$0	\$2,146,714	\$2,146,714
Required set-aside	1,208,072	1,208,072	0	2,416,144
Offset Credits	0	0	0	0
Qualifying Expenditures	(2,239,943)	(6,700,940)	0	(8,940,883)
<b>Total</b>	<b>(1,031,871)</b>	<b>(5,492,868)</b>	<b>2,146,714</b>	<b>(4,378,025)</b>
Balance Carried Forward to FY 2001	\$(1,031,871)	\$0	<u>\$2,146,714</u>	<u>\$2,146,714</u>
Restricted Cash			<u>\$2,146,714</u>	<u>\$2,146,714</u>

**M. Estimates**

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (continued)**

***N. Total Memorandum Only Columns***

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

**Note 3 - Stewardship, Compliance and Accountability**

***Legal Compliance***

Contrary to Section 5705.41(B), Ohio Revised Code, the following funds/functions had expenditures plus encumbrances in excess of appropriations at June 30, 2000:

<u>Fund/Function</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund:			
Current:			
Support Services Instructional Staff	\$2,009,627	\$2,120,867	(\$111,240)
Current:			
Extracurricular Activities	612,819	689,271	(76,452)
Debt Service:			
Current Support Services Fiscal	\$58,195	\$61,399	(\$3,204)

Contrary to 17 C.F.R. Section 240.15c-12 the District did not submit all required information to the Nationally Recognized Municipal Security Information Repository (NRMSIRS) and to the State Information Depository (SID).

**Note 4 - Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations, and changes in fund balance earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursement, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 4 - Budgetary Basis of Accounting (continued)**

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Similar Trust Fund				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$1,489,604	\$10,929	(\$400,571)	\$75,083,276	(\$5,253)
Net Adjustment for Revenue Accruals	218,064	0	205,339	(187,545)	0
Net Adjustment for Expenditures Accruals	657,797	62,873	(190,300)	223,480	0
Net Adjustments for Interfund Loan Transactions	53,200	(53,200)	0	0	0
Adjustment for Encumbrances	<u>(2,888,744)</u>	<u>(142,178)</u>	<u>0</u>	<u>(15,196,149)</u>	<u>(1,800)</u>
Budget Basis	<u>(\$470,079)</u>	<u>(\$121,576)</u>	<u>(\$385,532)</u>	<u>\$59,923,062</u>	<u>(\$7,053)</u>

**Note 5 - Deposits and Investments**

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

Deposits and investments are restricted by provisions of the Ohio Revised Code. 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 the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United State Treasury, or other obligation guaranteed as to principal and interest by the United States;

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 5 - Deposits and Investments (continued)**

2. Bonds, notes, debentures, or any other obligation 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) of (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

The District has received various donations in the form of stocks and mutual funds to be used in providing scholarships to students, and are accounted for in the nonexpendable trust fund. As reflected within the trust agreements, these funds must remain in stocks or mutual funds, and therefore are exempt from the above requirements.

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

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 5 - Deposits and Investments (continued)**

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

*Deposits:* At year end, the carrying amount of the District's deposits was \$5,584,788 and the bank balance was \$6,254,293.

1. \$200,000 was covered by federal depository insurance; and
2. \$6,054,293 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The District's investments are required to be categorized to give an indication of the level of 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 counter party'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 counter party, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

<u>Investments</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Repurchase Agreements	\$0	\$0	\$1,325,000	\$1,325,000	\$1,325,000
Tenneco Stock	368			368	368
Newport News Shipbuilding Inc.	2,573			2,573	2,573
Elpaso Natural Gas Co.	3,260			3,260	3,260
Pactiv Corp.	2,756			2,756	2,756
Scudder Funds		271,364		271,364	271,364
T. Rowe Price Funds		233,332		233,332	233,332
Investment in State Treasurer's Investment Pool				<u>92,864,354</u>	<u>92,864,354</u>
<b>Total Investments</b>	<u>\$8,957</u>	<u>\$504,696</u>	<u>\$1,325,000</u>	<u>\$94,703,007</u>	<u>\$94,703,007</u>

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 5 - Deposits and Investments (continued)**

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the Combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$94,278,838	\$6,008,957
Investments of the Cash Management Pool:		
Repurchase Agreements	(1,325,000)	1,325,000
Scudder	(271,364)	271,364
T. Rowe Price	(233,332)	233,332
Certificate of Deposit Star Ohio	6,000,000 (92,864,354)	(6,000,000) 92,864,354
GASB Statement No. 3	<u>\$5,584,788</u>	<u>\$94,703,007</u>

**Note 6 - Property Taxes**

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

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

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

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 6 - Property Taxes (continued)**

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$1,078,733 in the general fund, \$247,347 in the bond retirement debt service fund, and \$13,507 in the permanent improvement capital projects fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second Half Collections		2000 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$639,515,700	85.20%	\$676,758,270	85.84%
Public Utilities Personal	33,111,330	4.41%	31,038,640	3.94%
Tangible Personal Property	77,959,316	10.39%	80,558,278	10.22%
Total	\$750,586,346	100.00%	\$788,355,188	100.00%
Tax rate per \$1,000 of assessed valuation	\$81.66		\$85.29	

**Note 7 - Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances were zero as of June 30, 2000.

**Note 8 - Fixed Assets**

A summary of the changes in the general fixed assets during fiscal year 2000 is as follows:

	Balance 7/1/99	Additions	Retirements	Balance 6/30/00
Land	\$819,508	\$1,939,379	\$0	\$2,758,887
Buildings	29,929,913	4,445,879	0	34,375,792
Furniture and Equipment	4,814,229	417,683	85,598	5,146,314
Vehicles	3,561,005	508,645	259,600	3,810,050
Total	\$39,124,655	\$7,311,586	\$345,198	\$46,091,043



**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 8 - Fixed Assets (continued)**

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

	<u>Enterprise</u>
Furniture and Equipment	\$261,247
Less: Accumulated Depreciation	(191,565)
Net Fixed Assets	\$69,682

Construction of a new elementary building and an addition to the high school started in fiscal year ending June 30, 2000.

**Note 9 - Operating Leases**

The District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the District's account groups.

The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2000.

Fiscal Year Ending June 30,	Amounts
2001	\$129,416
2002	107,059
2003	103,710
2004	35,862
2005	8,656
Total Minimum payments required	\$384,703

The District had no capital leases outstanding at June 30, 2000.

**Note 10 - Long-Term Obligations**

The changes in the District's long-term obligations during fiscal year 2000, were as follows:

	Outstanding 7/1/99	Additions	Reductions	Outstanding 6/30/00
1992 Various School Improvement	\$3,674,245	\$0	\$393,855	\$3,280,390
1998 3.6 - 15.7% Refunding Bonds	10,714,701	0	140,000	10,574,701
1999 Various School Improvement Bonds	0	77,649,923	0	77,649,923
Total General Obligation Bonds	14,388,946	77,649,923	533,855	91,505,014
Compensated Absences	4,301,322	210,509	0	4,511,831
Intergovernmental Payable	367,233	0	13,342	353,891
Totals	\$19,057,501	\$77,860,432	\$547,197	\$96,370,736

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 10 - Long-Term Obligations (continued)**

The District's overall legal debt margin was \$92,038,946 with an unvoted debt margin of \$505,000 at June 30, 2000.

General Obligation bonds will be paid from property taxes. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2001	\$505,542	\$4,736,113	\$5,241,655
2002	1,874,556	4,738,272	6,612,828
2003	2,255,243	4,535,187	6,790,430
2004	2,479,867	4,486,228	6,966,095
2005	2,738,112	4,420,362	7,158,474
2006-2010	13,600,803	25,376,677	38,977,480
2011-2015	15,950,891	17,308,233	33,259,124
2016-2020	18,315,000	11,150,719	29,465,719
2021-2025	16,840,000	6,748,351	23,588,351
2026-2029	16,945,000	1,836,057	18,781,057
Total	<u>\$91,505,014</u>	<u>\$85,336,199</u>	<u>\$176,841,213</u>

Notes Payable

A summary of the note activity for the year ended June 30, 2000, follows:

	Outstanding 7/1/99	Additions	Reductions	Outstanding 6/30/00
1992 6.0% Energy Conservation Note - Permanent Improvement	\$505,000	\$0	\$160,000	\$345,000

Fiscal Year Ending June 30	Principal	Interest	Total
2001	\$165,000	\$20,700	\$185,700
2002	180,000	10,800	190,800
Total	<u>\$345,000</u>	<u>\$31,500</u>	<u>\$376,500</u>

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 11 - Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the District contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Wausau Insurance Companies	Education Liability (a)	\$1,000
	Fleet Insurance	\$50/\$250
Crum & Forster Insurance Company	Property	\$1,000
	Inland Marine	\$250
Ohio Casualty	Crime	\$1,000/\$250
CNA Insurance	Boiler & Machinery	\$1,000

(a) includes errors and omissions, directors and officers, general liability, professional liability, products completed operations, premises-operations, and inventory.

Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

For the fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefits 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 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 Gates McDonald & Company provides administrative, cost control, and actuarial services to the GRP.

**Note 12 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statues assigns the authority to establish and amend benefit provisions to the STRS Board of Trustees. The State Teachers Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll of which 6 percent was the portion used to fund pension obligations. The contribution requirements of plan members and the District are established and may be amended by the STRS Board of Trustees.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 12 - Defined Benefit Pension Plans (continued)**

**A. State Teachers Retirement System (continued)**

The District's contributions to STRS for the years ending June 30, 2000, 1999, and 1998 were \$5,228,385, \$5,417,468, and \$4,925,460, respectively. The full amount has been contributed for 1999 and 1998. For 2000, 89 percent has been contributed with the remainder being reported as a fund liability.

**B. School Employees Retirement System**

The District also contributes to the School Employees Retirement Plan (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the SERS Board of Trustees. The School Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to School Employees Retirement Systems, 45 North Fourth Street, Columbus, Ohio 43215-3634

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll of which 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and the District are established and may be amended, up to statutory maximum amounts, by the SERS Board of Trustees. The District's contributions to SERS for the years ending June 30, 2000, 1999, and 1998 were \$1,629,913, \$1,570,711, and \$1,462,211, respectively. The full amount has been contributed for 1999 and 1998. For 2000, 75 percent has been contributed with the remainder being reported as a fund liability and within the General Long Term Obligations Account Group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 13 - Postemployment Benefits**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System and to retired non-certified employees and their dependents through the School Employees Retirement System.

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and 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 (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The 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 fund shall be included in the employer contribution rate, currently 14 percent of covered payroll.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 13 - Postemployment Benefits (continued)**

The Board currently allocates employer contributions equal to 8 percent 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 Healthcare Reserve Fund allocation for the year ended June 30, 2000, was 8 percent of covered payroll. For the year ended June 30, 1999 (the latest information available), the net health care costs paid by STRS were \$249.929 million. There were 95,796 eligible benefit recipients statewide.

The Districts actual contributions for the 2000 fiscal year were \$1,818,569.

The Ohio Revised Code gives SERS the discretionary authority to provide post retirement 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 percent of the premium.

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

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126 million 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 million, at cost. The number of participants currently receiving health care benefits is approximately 51,000 statewide.

The Districts actual contributions for the 2000 fiscal year were \$602,359.

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

**Note 14 - Other Employee Benefits**

**A. *Compensated Absences***

The criteria for determining vacation, personal, and sick leave benefits are derived from negotiated agreements and State laws. Employees may earn up to a maximum of four days of personal leave per year. Personal leave may not be accumulated. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred eighty (180) days. Sick leave is computed using the termination method. Upon retirement, certified and classified employees with at least five years' experience with the District, receive payment for up to a maximum of eighty days computed according to negotiated agreements.

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 14 - Other Employee Benefits (continued)**

**A. *Compensated Absences (continued)***

Administrative employees receive one hundred percent of sick leave days accumulated for the first forty days and fifty percent of sick leave days accumulated from the next eighty days up to a maximum of eighty days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

**B. *Insurance***

The District provides life insurance and accidental death and dismemberment insurance to most employees through commercial life insurance companies. The District has elected to provide employee medical/surgical, and prescription benefits through QualChoice, a medical care program sponsored by University Hospitals of Cleveland. Dental benefits are provided by the District through Coresource, Inc. The School Board pays the cost of insurance coverage for all employees.

**Note 15 - 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 \$11,038,884 of school foundation support for its general fund.

Since the Supreme Court ruling, the State General Assembly has passed numerous pieces of legislation 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. 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 the 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 will continue the case at least until June 15, 2001.

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 16 - Contingencies**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

**B. Litigation**

The District is party to legal proceedings. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

**Note 17 - Segment Information for Enterprise Funds**

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total
Operating Revenues	\$1,048,878	\$161,254	\$1,210,132
Operating Expenses Before Depreciation:	1,212,811	155,986	1,368,797
Depreciation Expense	13,292	0	13,292
Operating Income (Loss)	(177,225)	5,268	(171,957)
Donated Commodities	39,896	0	39,896
Operating Grants	132,519	0	132,519
Interest Income	15,075	0	15,075
Net Income	10,265	5,268	15,533
Net Working Capital	251,312	72,774	324,086
Total Assets	497,828	72,774	570,602
Total Equity	320,994	72,774	393,768
Encumbrances at 6/30/00	\$6,313	\$17,867	\$24,180

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 18 - Jointly Governed Organizations**

*Medina County Career Center* - The Medina County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Medina County Career Center is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256.

*Ohio School's Council* - The Ohio School's Council (OSC) is a jointly governed organization comprised of seventy-two school 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 media center, gas consumption, food service, and insurance. Each member provides operating resources to OSC via a monthly administrative fee and an actual usage charge, except for insurance. The OSC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. OSC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Ohio Schools' Council at 8001 Brecksville Road, Brecksville, Ohio 44141.

**Note 19 - Insurance Purchasing Pool**

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

**Note 20 - Restatement of prior year balances**

A prior year classification error related to the Energy Conservation Note incorrectly reported Amount to be Provided from Government Resources in the Capital Projects Fund. Correction of the error had the following effect on Fund Balance reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds as of June 30, 1999.

	Capital Projects
Fund Balance as Previously Reported	\$565,034
Restated for Correction of an Error	(505,000)
Restated amount as of July 1, 1999	\$60,034

The correction had no effect on June 30, 1999 excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.



**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
As of June 30, 2000  
(Continued)

**Note 20 – Restatement of prior year balances (continued)**

Prior year fund balances were understated due to understatement of prior year encumbrances reappropriated in the General, Special Revenue, Capital Projects, and Expendable Trust funds reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types and Similar Trust Funds. Correction of the error had the following effect on Fund Balance reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types and Similar Trust Funds as of June 30, 1999.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Fund Balance as Previously Reported	\$14,201,867	\$641,025	\$1,361,921	(\$311,307)	\$45,095
Restated for Correction of an Error	<u>1,995,577</u>	<u>115,046</u>	<u>21,246</u>	<u>1,079,157</u>	<u>2,500</u>
Restated amount as of July 1, 1999	<u><u>\$16,197,444</u></u>	<u><u>\$756,071</u></u>	<u><u>\$1,383,167</u></u>	<u><u>\$767,850</u></u>	<u><u>\$47,595</u></u>

The correction had no effect on June 30, 1999 Excess of Revenues and Other Financing Sources Over (Under) Expenditures Other Financing Uses.

**Note 21 - Defeased Debt**

In prior years, the District has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is considered defeased and therefore removed as a liability from the Districts General Long Term Obligation Account Group. As of June 30, 2000, the amount of defeased debt outstanding but removed from the General Long Term Obligation Account Group amounted to \$10,574,701.

**This page intentionally left blank.**

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$36,075		\$39,896
National School Lunch Program	N/A	10.555	\$148,327		\$148,327	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<b>148,327</b>	<b>36,075</b>	<b>148,327</b>	<b>39,896</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	044388-6B-SF-99	84.027	16,787		64,649	
	044388-6B-SF-00		377,811		332,507	
Total Special Education Grants To States			<b>394,598</b>		<b>397,156</b>	
Special Education - Preschool Grant	044388-PG-S1-99	84.173			4,718	
	044388-PG-S1-00		28,926		24,437	
Total Special Education - Preschool Grant			<b>28,926</b>		<b>29,155</b>	
Total Special Education Cluster			<b>423,524</b>		<b>426,311</b>	
Title I Grants to Local Educational Agencies	044388-C1-S1-99	84.010	17,461		74,635	
	044388-C1-S1-00		334,298		287,851	
Total Title I Grants to Local Educational Agencies			<b>351,759</b>		<b>362,486</b>	
Emergency Immigrant Education Assistance	044388-E7-S1-99	84.162	(4)		44	
	044388-E7-S1-00		2,915		2,651	
Total Emergency Immigrant Education Program			<b>2,911</b>		<b>2,695</b>	
Safe and Drug-Free Schools and Communities State Grants	044388-DR-S1-98	84.186	541		3,817	
	044388-DR-S1-98		27,450		26,045	
Total Safe and Drug-Free Schools and Communities State Grants			<b>27,991</b>		<b>29,862</b>	
ESEA Title I Capital Expense Grant	044388-CX-S1-99	84.216	76,500		81,940	
	044388-CX-S1-00		3,000		2,963	
Total ESEA Title I Capital Expense Grant			<b>79,500</b>		<b>84,903</b>	
Goals 2000 Networks for Systemic Improvement Continuation Grant	044388 G2-52-98	84.276	100,000		122,088	
	044388 G2-52-99		50,000		17,489	
Total Goals 2000 Networks for Systemic Improvement Continuation Grant			<b>150,000</b>		<b>139,577</b>	

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Eisenhower Professional Development	044388 MS-S198	84.281	(44)		1,333	
	044388 MS-S199				5,630	
	044388 MS-S100		<u>19,967</u>		<u>16,531</u>	
Total Eisenhower Professional Development			<b>19,923</b>		<b>23,494</b>	
Innovative Education Program Strategies	044388-C2-S1-98	84.298	(8)		605	
	044388-C2-S1-99		4,576		7,873	
	044388-C2-S1-00		<u>31,662</u>		<u>27,887</u>	
Total Innovative Education Program Strategies			<b>36,230</b>		<b>36,365</b>	
Technology Literacy Challenge Fund Grant	044388-TF-VM-00	84.318	27,000		27,000	
ESEA Title VI-R Reducing Class-Size	044388-CR-S1-00	84.340	70,032		62,200	
Learn & Serve America - School and Community Based Grant	044388-SVS199	94.004			<u>2,739</u>	
Total U.S. Department of Education			<u>1,188,870</u>		<u>1,197,632</u>	
<b>Total</b>			<b><u>\$1,337,197</u></b>	<b><u>\$36,075</u></b>	<b><u>\$1,345,959</u></b>	<b><u>\$39,896</u></b>

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

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture 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.

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Medina City School District  
Medina County  
120 West Washington Street  
Medina, Ohio 44256

To the Board of Education:

We have audited the general purpose financial statements of Medina City School District, Medina County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 29, 2000 in which we noted the District restated its General, Special Revenue, Capital Projects, and Expendable Trust Fund balances. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-10952-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 29, 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Medina City School District  
Medina County  
Report of Independent Accountants on Compliance and on Internal  
Control Required by Government Auditing Standards  
Page 2

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

**Jim Petro**  
Auditor of State

December 29, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

Medina City School District  
Medina County  
120 West Washington Street  
Medina, Ohio 44256

To the Board of Education:

**Compliance**

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

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

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

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 29, 2000

**MEDINA CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education Grants to States #84.027 Special Education Preschool Grants #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**

<b>Finding Number</b>	2000-10952-001
-----------------------	----------------

**17 C.F.R. Section 240.15c2-12**, the District's 1998 General Obligation Refunding Bond and the 1999 General Obligation Bond agreements require the District to annually provide to all approved Nationally Recognized Municipal Security Information Repositories (NRMSIRs) and to the State Information Depository (SID) the following information by December 1 of each year:

- ! Annual financial information and operating data
- ! Timely material event notices
- ! Audited financial statements, when and if available
- ! Timely notice of the District's failure to provide required financial information

The District did not submit audited financial statements to the Nationally Recognized Municipal Security Information Repositories (NRMSIRs) or the State Information Depository (SID) for fiscal year 1999. Nor did the District provide notice of its failure to provide the required financial information. District noncompliance with this requirement did not constitute a loan default. However, District noncompliance may subject the District to additional over-sight from the Security Exchange Commission.

**3. FINDINGS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**MEDINA CITY 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  
APRIL 10, 2001**