



**WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

---

**STATE OF OHIO**



WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants	1
General Purpose Financial Statements	4
Notes to the General Purpose Financial Statements	19
Schedule of Federal Awards Expenditures	45
Notes to the Schedule of Federal Awards Expenditures	46
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	47
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	49
Schedule of Findings	51

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Warrensville Heights City School District  
Cuyahoga County  
4500 Warrensville Center Road  
Warrensville Heights, Ohio 44128

We have audited the accompanying general-purpose financial statements of the Warrensville Heights City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Warrensville Heights City School District, Cuyahoga County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information 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

October 12, 2001

**This page intentionally left blank.**

**Warrensville Heights City School District**

*Combined Balance Sheet*

*All Fund Types and Account Groups*

*June 30, 2001*

	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	\$1,791,202	\$1,786,988	\$814,381	\$23,972,469
Receivables:				
Taxes	18,138,275	101,774	1,857,605	386,738
Accounts	0	0	0	0
Intergovernmental	0	64,294	0	0
Accrued Interest	765	0	0	0
Interfund Receivable	522,438	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	1,305,645	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service				
Fund for Retirement of General				
Obligation Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$21,758,325</b>	<b>\$1,953,056</b>	<b>\$2,671,986</b>	<b>\$24,359,207</b>



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$230,184	\$49,466	\$0	\$0	\$28,644,690
0	0	0	0	20,484,392
406	0	0	0	406
0	0	0	0	64,294
0	0	0	0	765
0	0	0	0	522,438
52,374	0	0	0	52,374
0	0	0	0	1,305,645
1,504	0	24,204,082	0	24,205,586
0	0	0	976,220	976,220
0	0	0	27,911,924	27,911,924
<u>\$284,468</u>	<u>\$49,466</u>	<u>\$24,204,082</u>	<u>\$28,888,144</u>	<u>\$104,168,734</u>

(continued)

**Warrensville Heights City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 2001*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Liabilities, Fund Equity and Other Credits</i></b>				
<b>Liabilities</b>				
Accounts Payable	\$184,331	\$3,820	\$0	\$711,930
Accrued Wages	2,299,693	243,971	0	0
Compensated Absences Payable	11,291	0	0	0
Interfund Payable	0	282,438	0	5,000
Intergovernmental Payable	853,136	36,366	0	0
Deferred Revenue	16,748,295	159,166	1,695,766	360,509
Due to Students	0	0	0	0
Energy Conservation Bonds	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b><i>Total Liabilities</i></b>	<b><u>20,096,746</u></b>	<b><u>725,761</u></b>	<b><u>1,695,766</u></b>	<b><u>1,077,439</u></b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance :				
Reserved for Encumbrances	1,219,247	52,535	0	6,179,515
Reserved for Property Taxes	900,179	3,496	124,371	13,286
Reserved for Budget Stabilization	151,627	0	0	0
Reserved for Capital Improvements	287,142	0	0	0
Reserved for Textbooks	837,199	0	0	0
Reserved for Bus Purchases	29,677	0	0	0
Unreserved:				
Designated for Budget Stabilization	213,682	0	0	0
Undesignated (Deficit)	(1,977,174)	1,171,264	851,849	17,088,967
<b><i>Total Fund Equity (Deficit) and Other Credits</i></b>	<b><u>1,661,579</u></b>	<b><u>1,227,295</u></b>	<b><u>976,220</u></b>	<b><u>23,281,768</u></b>
<b><i>Total Liabilities, Fund Equity and Other Credits</i></b>	<b><u><u>\$21,758,325</u></u></b>	<b><u><u>\$1,953,056</u></u></b>	<b><u><u>\$2,671,986</u></u></b>	<b><u><u>\$24,359,207</u></u></b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$1,716	\$0	\$0	\$0	\$901,797
2,070	0	0	0	2,545,734
43,748	0	0	1,537,076	1,592,115
235,000	0	0	0	522,438
31,866	0	0	582,594	1,503,962
4,320	0	0	0	18,968,056
0	49,466	0	0	49,466
0	0	0	593,703	593,703
0	0	0	74,771	74,771
0	0	0	26,100,000	26,100,000
<u>318,720</u>	<u>49,466</u>	<u>0</u>	<u>28,888,144</u>	<u>52,852,042</u>
0	0	24,204,082	0	24,204,082
(34,252)	0	0	0	(34,252)
0	0	0	0	7,451,297
0	0	0	0	1,041,332
0	0	0	0	151,627
0	0	0	0	287,142
0	0	0	0	837,199
0	0	0	0	29,677
0	0	0	0	213,682
0	0	0	0	17,134,906
<u>(34,252)</u>	<u>0</u>	<u>24,204,082</u>	<u>0</u>	<u>51,316,692</u>
<u>\$284,468</u>	<u>\$49,466</u>	<u>\$24,204,082</u>	<u>\$28,888,144</u>	<u>\$104,168,734</u>

**Warrensville Heights City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2001*

	General	Special Revenue
<b>Revenues</b>		
Taxes	\$16,223,274	\$90,523
Intergovernmental	10,537,686	2,554,991
Interest	390,779	0
Tuition and Fees	18,291	11,841
Extracurricular Activities	30,367	53,090
Gifts and Donations	0	3,000
Miscellaneous	25,066	26,308
	27,225,463	2,739,753
<b>Total Revenues</b>		
<b>Expenditures</b>		
Current:		
Instruction:		
Regular	12,071,533	726,751
Special	2,506,696	521,691
Vocational	493,343	0
Support Services:		
Pupils	830,879	247,451
Instructional Staff	976,060	190,919
Board of Education	412,559	0
Administration	3,582,393	20,264
Fiscal	867,990	0
Business	300,657	0
Operation and Maintenance of Plant	2,976,421	335,288
Pupil Transportation	1,738,333	660
Central	70,485	2,725
Operation of Non-Instructional Services	0	136,059
Extracurricular Activities	296,236	51,987
Capital Outlay	87,831	0
Intergovernmental	0	19,564
Debt Service:		
Principal Retirement	14,030	0
Interest and Fiscal Charges	2,219	0
	27,227,665	2,253,359
<b>Total Expenditures</b>		
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,202)	486,394
<b>Other Financing Sources (Uses)</b>		
Operating Transfers In	0	50,000
Operating Transfers Out	(474,298)	0
	(474,298)	50,000
<b>Total Other Financing Sources (Uses)</b>		
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(476,500)	536,394
<i>Fund Balances (Deficit) Beginning of Year</i>	2,138,079	690,901
<i>Fund Balances End of Year</i>	\$1,661,579	\$1,227,295

See accompanying notes to the general purpose financial statements

Debt Service	Capital Projects	Totals (Memorandum Only)
\$55,924	\$1,947,236	\$18,316,957
0	358,895	13,451,572
317,871	1,595,400	2,304,050
0	0	30,132
0	0	83,457
0	0	3,000
0	700	52,074
<u>373,795</u>	<u>3,902,231</u>	<u>34,241,242</u>
0	0	12,798,284
0	0	3,028,387
0	0	493,343
0	0	1,078,330
0	0	1,166,979
0	0	412,559
0	0	3,602,657
0	0	867,990
0	0	300,657
0	0	3,311,709
0	0	1,738,993
0	0	73,210
0	0	136,059
0	0	348,223
0	5,374,350	5,462,181
0	0	19,564
133,381	0	147,411
<u>1,659,715</u>	<u>36,286</u>	<u>1,698,220</u>
<u>1,793,096</u>	<u>5,410,636</u>	<u>36,684,756</u>
<u>(1,419,301)</u>	<u>(1,508,405)</u>	<u>(2,443,514)</u>
174,298	25,027,001	25,251,299
<u>(25,027,001)</u>	<u>0</u>	<u>(25,501,299)</u>
<u>(24,852,703)</u>	<u>25,027,001</u>	<u>(250,000)</u>
(26,272,004)	23,518,596	(2,693,514)
<u>27,248,224</u>	<u>(236,828)</u>	<u>29,840,376</u>
<u>\$976,220</u>	<u>\$23,281,768</u>	<u>\$27,146,862</u>

**Warrensville Heights City School District**  
*Combined Statement of Revenues, Expenditures and Changes In  
Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2001*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Taxes	\$15,650,973	\$15,741,974	\$91,001
Intergovernmental	10,525,419	10,525,419	0
Interest	312,723	315,614	2,891
Tuition and Fees	18,291	18,291	0
Extracurricular Activities	30,367	30,367	0
Gifts and Donations	0	0	0
Miscellaneous	19,122	19,122	0
<i>Total Revenues</i>	<u>26,556,895</u>	<u>26,650,787</u>	<u>93,892</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	12,247,013	12,247,013	0
Special	1,201,289	1,201,289	0
Vocational	518,886	518,886	0
Other	1,249,013	1,248,843	170
Support Services:			
Pupils	836,761	836,761	0
Instructional Staff	989,667	989,667	0
Board of Education	517,674	517,674	0
Administration	3,318,478	3,318,478	0
Fiscal	895,847	895,847	0
Business	331,966	330,966	1,000
Operation and Maintenance of Plant	3,479,011	3,479,011	0
Pupil Transportation	1,824,301	1,824,301	0
Central	78,047	78,047	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	306,021	306,021	0
Capital Outlay	141,824	141,824	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>27,935,798</u>	<u>27,934,628</u>	<u>1,170</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,378,903)</u>	<u>(1,283,841)</u>	<u>95,062</u>
<b>Other Financing Sources (Uses)</b>			
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	4,811	4,811	0
Advances In	0	0	0
Advances Out	(147,913)	(147,913)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(1,889,142)	(474,298)	1,414,844
<i>Total Other Financing Sources (Uses)</i>	<u>(2,032,244)</u>	<u>(617,400)</u>	<u>1,414,844</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(3,411,147)</u>	<u>(1,901,241)</u>	<u>1,509,906</u>
<i>Fund Balances Beginning of Year</i>	2,509,056	2,509,056	0
Prior Year Encumbrances Appropriated	1,081,216	1,081,216	0
<i>Fund Balances End of Year</i>	<u><u>\$179,125</u></u>	<u><u>\$1,689,031</u></u>	<u><u>\$1,509,906</u></u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$87,376	\$88,009	\$633	\$1,596,287	\$1,603,248	\$6,961
2,549,222	2,552,607	3,385	159,190	159,190	0
0	0	0	0	317,871	317,871
11,841	11,841	0	0	0	0
53,090	53,090	0	0	0	0
3,000	3,000	0	0	0	0
26,245	26,245	0	0	0	0
<u>2,730,774</u>	<u>2,734,792</u>	<u>4,018</u>	<u>1,755,477</u>	<u>2,080,309</u>	<u>324,832</u>
1,287,544	737,955	549,589	0	0	0
596,102	511,432	84,670	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
280,201	243,215	36,986	0	0	0
228,781	195,014	33,767	0	0	0
0	0	0	0	0	0
88,962	23,006	65,956	0	0	0
700	0	700	0	0	0
0	0	0	0	0	0
322,617	322,617	0	0	0	0
3,696	660	3,036	0	0	0
18,675	4,854	13,821	0	0	0
143,828	143,391	437	0	0	0
60,469	60,459	10	0	0	0
0	0	0	0	0	0
0	0	0	26,233,381	26,233,381	0
0	0	0	2,349,154	2,349,154	0
<u>3,031,575</u>	<u>2,242,603</u>	<u>788,972</u>	<u>28,582,535</u>	<u>28,582,535</u>	<u>0</u>
<u>(300,801)</u>	<u>492,189</u>	<u>792,990</u>	<u>(26,827,058)</u>	<u>(26,502,226)</u>	<u>324,832</u>
(19,564)	(19,564)	0	0	0	0
0	0	0	0	0	0
207,438	207,438	0	0	0	0
(59,525)	(59,525)	0	0	0	0
50,000	50,000	0	174,298	174,298	0
0	0	0	0	0	0
<u>178,349</u>	<u>178,349</u>	<u>0</u>	<u>174,298</u>	<u>174,298</u>	<u>0</u>
(122,452)	670,538	792,990	(26,652,760)	(26,327,928)	324,832
868,987	868,987	0	27,142,309	27,142,309	0
187,665	187,665	0	0	0	0
<u>\$934,200</u>	<u>\$1,727,190</u>	<u>\$792,990</u>	<u>\$489,549</u>	<u>\$814,381</u>	<u>\$324,832</u>

**Warrensville Heights City School District**  
*Combined Statement of Revenues, Expenditures and Changes In  
Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2001*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$332,028	\$334,433	\$2,405
Intergovernmental	184,705	199,705	15,000
Interest	1,842,071	1,595,400	(246,671)
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	700	700	0
<i>Total Revenues</i>	<u>2,359,504</u>	<u>2,130,238</u>	<u>(229,266)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	153,112	132,290	20,822
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	33,821	33,821	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	17,668,975	12,021,673	5,647,302
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>17,855,908</u>	<u>12,187,784</u>	<u>5,668,124</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(15,496,404)</u>	<u>(10,057,546)</u>	<u>5,438,858</u>
<b>Other Financing Sources (Uses)</b>			
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(15,496,404)</u>	<u>(10,057,546)</u>	<u>5,438,858</u>
<i>Fund Balances Beginning of Year</i>	26,791,919	26,791,919	0
Prior Year Encumbrances Appropriated	453,610	453,610	0
<i>Fund Balances End of Year</i>	<u><u>\$11,749,125</u></u>	<u><u>\$17,187,983</u></u>	<u><u>\$5,438,858</u></u>

See accompanying notes to the general purpose financial statements.



Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$17,666,664	\$17,767,664	\$101,000
\$13,418,536	\$13,436,921	18,385
\$2,154,794	\$2,228,885	74,091
30,132	30,132	0
83,457	83,457	0
3,000	3,000	0
46,067	46,067	0
<u>33,402,650</u>	<u>33,596,126</u>	<u>193,476</u>
13,687,669	13,117,258	570,411
1,797,391	1,712,721	84,670
518,886	518,886	0
1,249,013	1,248,843	170
1,116,962	1,079,976	36,986
1,218,448	1,184,681	33,767
517,674	517,674	0
3,441,261	3,375,305	65,956
896,547	895,847	700
331,966	330,966	1,000
3,801,628	3,801,628	0
1,827,997	1,824,961	3,036
96,722	82,901	13,821
143,828	143,391	437
366,490	366,480	10
17,810,799	12,163,497	5,647,302
26,233,381	26,233,381	0
2,349,154	2,349,154	0
<u>77,405,816</u>	<u>70,947,550</u>	<u>6,458,266</u>
<u>(44,003,166)</u>	<u>(37,351,424)</u>	<u>6,651,742</u>
(19,564)	(19,564)	0
4,811	4,811	0
207,438	207,438	0
(207,438)	(207,438)	0
224,298	224,298	0
(1,889,142)	(474,298)	1,414,844
<u>(1,679,597)</u>	<u>(264,753)</u>	<u>1,414,844</u>
(45,682,763)	(37,616,177)	8,066,586
57,312,271	57,312,271	0
1,722,491	1,722,491	0
<u>\$13,351,999</u>	<u>\$21,418,585</u>	<u>\$8,066,586</u>

**Warrensville Heights City School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001*

	Enterprise
<b>Operating Revenues</b>	
Sales	\$311,510
Other Revenue	406
	311,916
<i>Total Operating Revenues</i>	<i>311,916</i>
<b>Operating Expenses</b>	
Salaries and Wages	313,826
Fringe Benefits	37,452
Purchased Services	9,343
Materials and Supplies	87,937
Cost of Sales	232,072
Depreciation	344
Other	750
	681,724
<i>Total Operating Expenses</i>	<i>681,724</i>
<i>Operating Loss</i>	<i>(369,808)</i>
<b>Non-Operating Revenues</b>	
Operating Grants	238,089
Donated Commodities	29,456
	267,545
<i>Total Non-Operating Revenues</i>	<i>267,545</i>
<i>Net Loss before Operating Transfers</i>	<i>(102,263)</i>
Operating Transfers In	250,000
	147,737
<i>Net Income</i>	<i>147,737</i>
<i>Retained Earnings (Deficit) Beginning of Year</i>	<i>(181,989)</i>
<i>Retained Earnings (Deficit) End of Year</i>	<i>(\$34,252)</i>

See accompanying notes to the general purpose financial statements

**Warrensville Heights CSD**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001*

	Enterprise		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Sales	\$312,727	\$311,510	(\$1,217)
Operating Grants	238,089	238,089	0
<i>Total Revenues</i>	<u>550,816</u>	<u>549,599</u>	<u>(1,217)</u>
<b>Expenses</b>			
Salaries and Wages	236,725	236,725	0
Fringe Benefits	108,342	108,342	0
Purchased Services	14,277	14,277	0
Materials and Supplies	429,375	429,375	0
Capital Outlay	695	695	0
Other	750	750	0
<i>Total Expenses</i>	<u>790,164</u>	<u>790,164</u>	<u>0</u>
<i>Excess of Revenues Under Expenses</i>	(239,348)	(240,565)	(1,217)
Operating Transfers In	250,000	250,000	0
<i>Excess of Revenues and Transfers Over Expenses</i>	10,652	9,435	(1,217)
<i>Fund Equity Beginning of Year</i>	36,883	36,883	0
Prior Year Encumbrances Appropriated	92,962	92,962	0
<i>Fund Equity End of Year</i>	<u>\$140,497</u>	<u>\$139,280</u>	<u>(\$1,217)</u>

See accompanying notes to the general purpose financial statements

**Warrensville Heights City School District**  
*Combined Statement of Cash Flows*  
*Proprietary Fund Type*  
*For the Fiscal Year Ended June 30, 2001*

	<u>Enterprise</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$311,510
Cash Payments to Suppliers for Goods and Services	(353,443)
Cash Payments to Employees for Services	(236,725)
Cash Payments for Employee Benefits	(108,342)
Cash Payments for Other Operating Expenses	(750)
	<u>(387,750)</u>
 <b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	238,089
Operating Transfers In	250,000
	<u>488,089</u>
 <i>Net Cash Provided by Noncapital Financing Activities</i>	<u>488,089</u>
 <i>Net Increase in Cash and Cash Equivalents</i>	 100,339
 Cash and Cash Equivalents at Beginning of Year	 <u>129,845</u>
 <i>Cash and Cash Equivalents at End of Year</i>	 <u>\$230,184</u>
	<u>\$230,184</u>
	(continued)

**Warrensville Heights City School District**  
*Combined Statement of Cash Flows*  
*Proprietary Fund Type (continued)*  
*For the Fiscal Year Ended June 30, 2001*

	Enterprise
<b><i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i></b>	
Operating Loss	(\$369,808)
Adjustments:	
Depreciation	344
Donated Commodities Used During Year	29,456
(Increase) Decrease in Assets:	
Accounts Receivable	(406)
Inventory Held for Resale	(29,456)
Increase (Decrease) in Liabilities:	
Accounts Payable	(22,374)
Accrued Wages	(230)
Compensated Absences Payable	(17,828)
Intergovernmental Payable	22,552
Net Cash Used for Operating Activities	(\$387,750)

See accompanying notes to the general purpose financial statements

**This page intentionally left blank.**

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

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

Warrensville Heights City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five member Board and provides educational services as mandated by state or federal agencies. The Board controls the School District's six instructional facilities, staffed by 115 non-certified personnel, 230 certified full-time teaching personnel and 22 administrative employees to provide services to students and other community members.

The School District is located in Warrensville Heights, Ohio, Cuyahoga County. The enrollment for the School District during the 2001 fiscal year was 2,921. The School District operates three elementary schools (K-4), one lower middle school (5-6), one upper middle school (7-8), and one high school (9-12).

*Reporting Entity*

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

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

The School District is associated with two jointly governed organizations and one insurance purchasing pool. These organizations are the Lake Geauga Education Computer Association, the Ohio Schools Council and the Ohio Schools Council insurance purchasing consortium. These organizations are presented in Notes 17 and 20 to the general purpose financial statements.

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

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

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

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

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

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

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

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

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

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

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

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

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

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



**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

***Fiduciary Fund Types*** Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. There are two types of fiduciary funds, trust and agency. The School District has no trust funds. The School District's agency fund is purely custodial (assets equal liabilities) and thus does not involve measurement of results of operations.

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

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

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

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

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

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

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

On the accrual basis of accounting, 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 donated commodities revenue. Unused donated commodities are reported as deferred revenue.

***C. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Budgetary statements are presented beyond that legal level of control for informational purposes only. Any budgetary modifications at the fund level may only be made by resolution of the Board of Education.

Advances In and Advances Out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

***Tax Budget*** Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for rate determination.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

***Estimated Resources*** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2001.

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions at the legal level of control must be approved by the Board of Education. The Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations at the function and object level without resolution by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than the agency fund, consistent with statutory provisions.

***Encumbrances*** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the general purpose financial statements for proprietary funds.

***Lapsing of Appropriations*** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future 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 School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to repurchase agreements, STAROhio, Victory Federal Money Market Mutual Fund, and Money Market Funds.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$390,779, which includes \$152,542 assigned from other School District funds.

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

***E. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, textbooks, capital improvements and amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 23 for additional information regarding set-asides.

***F. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. The governmental funds had no significant inventory balance as of June 30, 2001. Proprietary fund inventories consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***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 the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. 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 and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***H. Interfund Assets and Liabilities***

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

***I. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned 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 School 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, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available 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 and capital leases are recognized as a liability of the general long-term obligations account group until due.

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

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

Under Ohio law, a debt retirement fund may be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires the reporting of a liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School 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.

***L. Fund Balance Reserves and Designations***

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures. Designations represent tentative plans for future use of financial resources. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, budget stabilization, capital improvements, textbooks and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Fund balance in the general fund includes a designation that represents the amount set-aside by the Board of Education for budget stabilization in excess of the statutory requirement.

***M. Estimates***

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

***N. Memorandum Only - Total 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.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

**Note 3 - Changes In Accounting Principles and Restatement of Fund Balance**

*Changes in Accounting Principles* For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues." At June 30, 2000, there was no effect on fund balance as a result of these implementations.

**Note 4 - Accountability**

The following funds had deficit fund balances/retained earnings at June 30, 2001:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue Funds:	
Recreation	\$37,195
Title I	25,511
Reducing Class Size	13,408
Enterprise Fund:	
Food Service	70,824

The deficits in the special revenue funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. The food service enterprise fund deficit retained earnings resulted from adjustments for accrued liabilities. Management is analyzing fund operations to determine appropriate action to alleviate the deficit.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget) rather than as balance sheet transactions (GAAP).
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$476,500)	\$536,394	(\$26,272,004)	\$23,518,596
Net Adjustment for Revenue Accruals	(480,792)	(1,514)	(55,924)	(9,555)
Unrecorded Cash	(89,073)	(3,447)	0	0
Advance In	0	207,438	0	0
Transfers In	0	0	0	(25,027,001)
Revenue for Debt Payments	0	0	1,762,438	(1,762,438)
Net Adjustment for Expenditure Accruals	611,780	47,543	0	(682,101)
Advance Out	(147,913)	(59,525)	0	0
Debt Principal Retirement	0	0	(26,100,000)	0
Debt Interest	0	0	(689,439)	689,439
Transfers Out	0	0	25,027,001	0
Adjustment for Encumbrances	(1,318,743)	(56,351)	0	(6,784,486)
Budget Basis	<u>(\$1,901,241)</u>	<u>\$670,538</u>	<u>(\$26,327,928)</u>	<u>(\$10,057,546)</u>

Net Income\Excess of Revenues Over Expenses and Transfers  
Enterprise Fund Type

	Enterprise
GAAP Basis	\$147,737
Net Adjustment for Revenue Accruals	(406)
Net Adjustment for Expense Accruals	(47,336)
Depreciation	344
Adjustment for Encumbrances	(90,904)
Budget Basis	<u>\$9,435</u>



**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

**Note 6 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

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

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 fiscal year-end, the carrying amount of the School District's deposits was \$2,347,233 and the bank balance was \$2,568,390. Of the bank balance:

1. \$371,138 of the bank balance was covered by federal depository insurance; and
2. \$2,197,252 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments** GASB Statement No. 3 requires the School District's investment to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The Victory Federal money market mutual fund and STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$2,570,017	\$2,570,017	\$2,570,017
Money Market Fund		36,333	36,333
Investment in STAROhio		1,014,146	1,014,146
Victory Federal Money Market Mutual Fund		23,982,606	23,982,606
<i>Total Investments</i>	\$2,570,017	\$27,603,102	\$27,603,102

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

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

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

	Cash and Cash Equivalents	Investments
<i>GASB Statement No. 9</i>	\$29,950,335	\$0
Repurchase Agreements	(2,570,017)	2,570,017
Money Market Fund	(36,333)	36,333
Star Ohio	(1,014,146)	1,014,146
Victory Federal Money Market	(23,982,606)	23,982,606
	\$2,347,233	\$27,603,102
<i>GASB Statement No. 3</i>		

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

Real property taxes are levied after April 1, 2001, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$230,550,160	76.05%	\$253,502,720	77.99%
Public Utility Personal	19,334,560	6.38	18,290,760	5.63
Tangible Personal Property	53,254,089	17.57	53,254,089	16.38
	\$303,138,809	100.00%	\$325,047,569	100.00%
Tax rate per \$1,000 of assessed valuation	\$80.50		\$80.50	

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. This year, the June 2001 tangible personal property tax settlement was not received until July of 2001.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied 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 late settlement and the amount available as an advance at June 30 are recognized as revenue. The amount available as an advance at June 30, 2001, was \$1,041,332 and is recognized as revenue. \$900,179 was available to the general fund, \$3,496 was available to the recreation special revenue fund, \$124,371 was available to the bond retirement debt service fund and \$13,286 was available to the permanent improvement capital projects fund.

**Note 8 - Receivables**

Receivables at June 30, 2001, consisted of taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>Special Revenue Fund:</i>	
Martha Holdings Jennings Grant	\$3,712
Eisenhower Grant	1,663
Title I Grant	15,737
Title I Carryover	22,938
Title VI Grant	920
Title IV Grant	14,161
Title VI-R Grant	5,163
	\$64,294
<i>Total Intergovernmental Receivables</i>	

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

**Note 9 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$141,176
Less: Accumulated depreciation	(139,672)
	\$1,504
Net Fixed Assets	\$1,504

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance June 30, 2000	Additions	Deletions	Balance June 30, 2001
Land	\$416,349	\$0	\$0	\$416,349
Building and Improvements	12,237,223	3,039,864	0	15,277,087
Vehicles	674,937	308,925	0	983,862
Furniture, Fixtures, and Equipment	3,884,703	268,362	0	4,153,065
Construction in Progress	0	3,373,719	0	3,373,719
Total	\$17,213,212	\$6,990,870	\$0	\$24,204,082

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, the School District contracted with several carriers for property, casualty and boiler and machinery insurance.

Professional liability is protected by Nationwide Insurance Company with a \$2,000,000 single occurrence and \$5,000,000 annual aggregate with no deductible.

The vehicular fleet is protected by Nationwide Insurance Company with \$100 deductible for comprehensive and \$250 deductible for collision. Fleet liability has a combined single limit of \$5,000,000.

The Boiler and Machinery insurance is provided by the Travelers. Boiler and Machinery limits are \$30,000,000 with \$1,000 deductible. Crime insurance is provided by the Hartford Group. The Property and Casualty insurance is purchased through the Ohio Schools Council insurance purchasing consortium and is provided by Northbrook Property and Casualty (See Note 17).

Settled claims have not exceeded this commercial coverage in any of the last three years and there has not been a significant reduction in coverage from the prior year.

The School District pays the State Workers' Compensation System a premium based on a rate of salaries. This rate is calculated based on accident history and administration costs.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

**Note 11 - Defined Benefit Pension Plans**

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

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$188,770, \$237,118, and \$290,583 respectively; 7.47 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$174,666 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,306,096, \$800,591, and \$752,086 respectively; 83.79 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$211,758 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

**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, 2001, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$618,677 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$440,462.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 13 - Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 200 days.

***B. Medical and Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company, in an amount equal to the employee's annual salary.

The School District has contracted with the Medical Mutual of Ohio to provide employee medical/surgical benefits. The School District pays medical/surgical premiums of \$489.62 for family coverage and \$178.49 for single employee coverage per month.

Dental insurance is also provided by Medical Mutual of Ohio. Premiums for dental coverage are \$60.14 for family coverage and \$53.63 for single coverage per employee per month. This premium also includes vision coverage.

***C. Special Termination Benefits***

In addition to severance benefits and STRS pension benefits, the certified employees will be offered a special termination benefit. To receive this benefit, the employee must retire within the first three years of being eligible to retire. Those who retire within the first year will get twenty-five percent of their final annual salary. If the employee retires within two years the employee will receive fifteen percent and if the employee retires within three years, the employee is eligible for ten percent. The benefit is paid in the next calendar year following the year of retirement.



**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

**Note 14 - Capital Leases**

In prior years, the School District entered into capitalized leases for copiers and computer equipment.

The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group in the amount of \$73,658. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$14,030, which was the remainder of the lease amount. The lease was paid in full during fiscal year 2001.

**Note 15 - Short-Term Obligation**

The School District has paid off the outstanding notes as of June 30, 2001.

	Outstanding 6/30/00	Additions	Deletions	Outstanding 6/30/01
Permanent Improvement Capital Projects Fund				
1999 - Bond Anticipation Note - 4.55%	<u>\$26,100,000</u>	<u>\$0</u>	<u>\$26,100,000</u>	<u>\$0</u>

**Note 16 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2001 were as follows:

	Principal Outstanding June 30, 2000	Additions	Deletions	Principal Outstanding June 30, 2001
Energy Conservation Bonds 6.05%	\$727,084	\$0	\$133,381	\$593,703
School Improvement Bonds 4.44%	26,100,000	0	0	26,100,000
<i>Total Bonds</i>	<u>26,827,084</u>	<u>0</u>	<u>133,381</u>	<u>26,693,703</u>
Capital Leases	14,030	0	14,030	0
Special Termination Benefits Payable	32,940	74,771	32,940	74,771
Intergovernmental Payable	395,467	582,594	395,467	582,594
Compensated Absences	1,699,576	0	162,500	1,537,076
<i>Total Long-Term Obligations</i>	<u>\$28,969,097</u>	<u>\$657,365</u>	<u>\$738,318</u>	<u>\$28,888,144</u>

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

On May 18, 1995, the School District issued \$1,300,000 in general obligation bonds for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code section 133.06(G). The bonds were issued for a ten year period with final maturity during fiscal year 2005. The bonds will be retired out of the debt service fund.

On May 2, 2000, the School District issued \$26,100,000 in general obligation bonds for the purpose of school improvements. The bonds were issued for a twenty-five year period with final maturity during fiscal year 2025. The bonds will be retired out of the debt service fund.

Compensated absences, special termination benefits and the pension obligation will be paid from the governmental fund from which the employee's salaries are paid.

The School District's overall legal debt margin as of June 30, 2001, was \$3,536,798 with an unvoted debt margin of \$325,048 at June 30, 2001. Principal and interest requirements to retire the energy conservation and school improvement bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Energy Conservation Bonds	School Improvement Bonds	Total
2002	\$174,298	\$1,763,225	\$1,937,523
2003	174,298	1,848,269	2,022,567
2004	174,301	1,879,056	2,053,357
2005	144,954	1,907,350	2,052,304
2006	0	1,957,613	1,957,613
2007-2011	0	10,317,300	10,317,300
2012-2016	0	10,572,296	10,572,296
2017-2021	0	10,499,297	10,499,297
2022-2025	0	8,391,250	8,391,250
Total Principal and Interest	667,851	49,135,656	49,803,507
Less: Interest	74,148	23,035,656	23,109,804
Total Principal Outstanding	\$593,703	\$26,100,000	\$26,693,703

**Note 17 - Insurance Purchasing Pool**

The School District participates in the Ohio Schools Council insurance purchasing consortium. The School District purchases property and casualty insurance from the consortium. The board of directors is responsible for collecting premiums, making payments to insurance agents, making payments to insurance companies, depositing appropriate amounts into the Ohio Schools' Council insurance purchasing consortium accounts and reimbursing board members for their expenses. The board of directors consists of seven members appointed by the participants.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

**Note 18 - Interfund Transactions**

Interfund balances at June 30, 2001 consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$522,438	\$0
Special Revenue Funds		
Recreation	0	70,000
Venture Capital	0	5,000
Alternative School	0	392
EESA	0	1,663
Title I	0	84,004
Title 2	0	15,599
Drug Free Grant	0	21,067
Reducing Class Size	0	64,688
Other Federal Grants	0	20,025
Total Special Revenue Funds	0	282,438
Capital Improvement Fund		
Permanent Improvement	0	5,000
Enterprise Fund		
Food Service	0	235,000
Total	\$522,438	\$522,438

**Note 19 - Segment Information for Enterprise Funds**

The School 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 School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Totals
Operating Revenues	\$304,404	\$7,512	\$311,916
Depreciation	344	0	344
Operating Income (Loss)	(371,125)	1,317	(369,808)
Donated Commodities	29,456	0	29,456
Operating Grants	238,089	0	238,089
Operating Transfers In	250,000	0	250,000
Net Income	146,420	1,317	147,737
Net Working Capital	(72,328)	36,572	(35,756)
Total Assets	247,896	36,572	284,468
Total Equity (Deficit)	(70,824)	36,572	(34,252)
Encumbrances at June 30, 2001	88,638	2,266	90,904

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

**Note 20 - Jointly Governed Organizations**

***A. Lake Geauga Educational Computer Association***

The Lake Geauga Education Computer Association (the "LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 18 member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. Financial information can be obtained from the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio, 44077.

***B. Ohio Schools Council***

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001, the School District paid \$800 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 155 Center Road, Bedford, Ohio, 44146.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1999. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

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

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

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

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

**Note 21 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**B. Litigation**

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

**Note 22 - State School Funding Decision**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 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 and on its financial operations.

**Note 23 - Set-Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Budget Stabilization Reserve	Capital Improvements	Textbook/ Instructional Materials
Set-aside Reserve Balance as of June 30, 2000	\$365,309	\$0	\$307,139
Current Year Set-aside Requirement	0	740,705	740,705
Reduction Authorized by Legislative Restrictions	(213,682)	0	0
Current Year Offsets	0	(358,147)	(59,145)
Qualifying Disbursements	0	(95,416)	(151,500)
Set-aside Balance Carried Forward			
to Future Fiscal Years	\$0	\$287,142	\$837,199
Set-Aside Reserve Balance as of June 30, 2001	<u>\$151,627</u>	<u>\$287,142</u>	<u>\$837,199</u>

The total reserve balance for the three set-asides at the end of the fiscal year was \$1,275,968. The general fund balance includes \$213,682 that has been designated for the amount of set-asides in excess of requirements.

**Warrensville Heights City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2001*

---

---

**Note 24 - Contractual Commitments**

At June 30, 2001, the following contractual commitments have been entered into, but no work had been started.

<u>Contractor</u>	<u>Project</u>	<u>Amount of Contract</u>
Cleveland	Middle School Renovation	\$47,000
Precision	Middle School Renovation	238,600
E.B. Katz, Inc.	Middle School Renovation	358,100
Commerce	Middle School Renovation	38,600
Patrician	Middle School Renovation	\$163,000
Fortney Weygandt	Middle School Renovation	897,800
J.Z.E. Electric	Middle School Renovation	5,700,000
East-West	Middle School Renovation	728,500
Total		<u><u>\$8,171,600</u></u>

**This page intentionally left blank.**



**WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Receipts	Federal Non-Cash Receipts	Federal Expenditures	Federal Non-Cash Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through State Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to Sates (Title VI - B)	84.027	045005 6B-SF 00P	\$0	\$0	\$8,087	\$0
Special Education - Grants to Sates (Title VI - B)	84.027	045005 6B-SF 01P	181,675	0	124,150	0
Total Special Education - Grants to Sates (Title VI - B)			181,675	0	132,237	0
Special Education - Preschool Grants	84.173	045005 PG-S1 00P	0	0	3,155	0
Special Education - Preschool Grants	84.173	045005 PG-S1 01P	6,757	0	1,452	0
Total Special Education - Preschool Grants			6,757	0	4,607	0
Total Special Education Cluster			188,432	0	136,844	0
Title I - Grants to Local Educational Agencies	84.010	045005 C1-S1 00	68,267	0	135,922	0
Title I - Grants to Local Educational Agencies	84.010	045005 C1-S1 00 C	16,699	0	39,637	0
Title I - Grants to Local Educational Agencies	84.010	045005 C1-S1 01	463,688	0	407,886	0
Total Title I - Grants to Local Educational Agencies			548,654	0	583,445	0
Innovative Education Program Strategies	84.298	045005 C2-S1 00	15,293	0	21,847	0
Innovative Education Program Strategies	84.298	045005 C2-S1 01	3,565	0	0	0
Total Innovative Education Program Strategies			18,858	0	21,847	0
Eisenhower Professional Development State Grant	84.281	045005 MS-S1 00	11,450	0	14,483	0
Eisenhower Professional Development State Grant	84.281	045005 MS-S1 01	14,969	0	2,024	0
Total Eisenhower Professional Development Grant			26,419	0	16,507	0
Safe and Drug Free & Communities - State Grants	84.186	045005 DR-S1 98C	4,403	0	4,403	0
Safe and Drug Free & Communities - State Grants	84.186	045005 DR-S1 00	6,906	0	14,617	0
Safe and Drug Free & Communities - State Grants	84.186	045005 DR-S1 01	9,591	0	6,348	0
Total Safe and Drug-Free Schools - State Grants			20,900	0	25,368	0
Goals 2000 - State & Local Education Systemic Improvement	84.276	045005 G2-S1 00	21,000	0	0	0
Goals 2000 - State & Local Education Systemic Improvement	84.276	045005 G2-S1 01	25,000	0	2,175	0
Total Goals 2000 - State & Local Education Systemic Improvement			46,000	0	2,175	0
Class Size Reduction Grant	84.340	045005 CR-S1 00	59,525	0	3,797	0
Class Size Reduction Grant	84.340	045005 CR-S1 01	27,813	0	28,087	0
Total Class Size Reduction Grant			87,338	0	31,884	0
Special Education - State Program Improvement Grants	84.323	045005 ST-S1 01	50,000	0	27,821	0
Total Special Education - State Program Improvement Grants			50,000	0	27,821	0
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>986,601</b>	<b>0</b>	<b>845,891</b>	<b>0</b>
<b>OFFICE OF LIBRARY SERVICES, INSTITUTE OF MUSEUM AND LIBRARY SERVICES, NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES</b>						
<i>Passed Through the State Library of Ohio</i>						
State Library Program - LSTA Grant	45.310	II-54-E-2-99	0	0	21,813	0
<b>TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			<b>0</b>	<b>0</b>	<b>21,813</b>	<b>0</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	0	33,776	0	29,456
School Breakfast Program	10.553	045005 05-PU 00	31,424	0	31,424	0
National School Lunch Program	10.555	045005 03/04-PU 00	188,892	0	188,892	0
Special Milk Program	10.556	045005 02-PU 00	4,585	0	4,585	0
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE - NUTRITION CLUSTER</b>			<b>224,901</b>	<b>33,776</b>	<b>224,901</b>	<b>29,456</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$1,211,502</b>	<b>\$33,776</b>	<b>\$1,092,605</b>	<b>\$29,456</b>

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

**WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

**NOTE C - NATIONAL SCHOOL LUNCH AND SPECIAL MILK PROGRAMS**

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

N/A - Not applicable

CFDA - Catalog of Federal Domestic Assistance



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

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

Board of Education  
Warrensville Heights City School District  
Cuyahoga County  
4500 Warrensville Center Road  
Warrensville Heights, Ohio 44128

We have audited the financial statements of the Warrensville Heights City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated October 12, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 12, 2001.

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

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

**Jim Petro**  
Auditor of State

October 12, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Bldg  
615 W Superior Ave  
Floor 12  
Cleveland OH 44113 - 1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

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

Board of Education  
Warrensville Heights City School District  
Cuyahoga County  
4500 Warrensville Center Road  
Warrensville Heights, Ohio 44128

**Compliance**

We have audited the compliance of the Warrensville Heights City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 12, 2001.

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

**Jim Petro**  
Auditor of State

October 12, 2001

**WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY  
JUNE 30, 2001**

**SCHEDULE OF FINDINGS**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 84.010, Title I - Education Consolidation Improvement Act
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None.

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

None.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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

**WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 27, 2001**