



**Auditor of State  
Betty Montgomery**



**NORDONIA HILLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

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

Nordonia Hills City School District  
Summit County  
9370 Olde Eight Road  
Northfield, Ohio 44067

To the Board of Education:

We have audited the general purpose financial statements of Nordonia Hills City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2002-10977-001.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 17, 2003.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 2002-10977-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

In addition, 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 January 17, 2003

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 17, 2003



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Betty Montgomery**

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

Nordonia Hills City School District  
Summit County  
9370 Olde Eight Road  
Northfield, Ohio 44067

To the Board of Education:

**Compliance**

We have audited the compliance of Nordonia Hills City School District, Summit County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2002-10977-003.

**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.

#### **Schedule of Receipts and Expenditures of Federal Awards**

We have audited the general purpose financial statements of the District as of and for the year ended June 30, 2002, and have issued our report thereon dated January 17, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

January 17, 2003



**NORDONIA HILLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster						
Special Education - Grants to States	0500476BSF01P	84.027			\$49,665	
	0500476BSF02P		\$322,608		207,834	
Total Special Education - Grants to States			<u>322,608</u>		<u>257,499</u>	
Special Education - Preschool Grants	050047PGS101P	84.173			9,997	
	050047PGS102P		21,224		3,264	
Total Special Education - Preschool Grants			<u>21,224</u>		<u>13,261</u>	
Total Special Education Cluster			343,832		270,760	
Title I Grants to Local Educational Agencies	050047C1S101	84.010			14,190	
	050047C1S102		66,275		43,719	
Total Title I Grants to Local Educational Agencies			<u>66,275</u>		<u>57,909</u>	
Innovative Education Program Strategies	050047C2S199	84.298			(2,241)	
	050047C2S101				7,392	
	050047C2S102		22,233		18,266	
Total Innovative Education Program Strategies			<u>22,233</u>		<u>23,417</u>	
Safe and Drug Free Schools and Communities State Grants	050047DRS102	84.186	14,142		11,387	
Comprehensive School Reform Demonstration	050047-RF-S1-01	84.332			15,740	
	050047-RF-S1-02		106,502		112,102	
Total Comprehensive School Reform Demonstration			<u>106,502</u>		<u>127,842</u>	
Class Size Reduction	050047-CR-S1-01	84.340			5,589	
	050047-CR-S1-02		36,983		25,210	
Total Class Size Reduction			<u>36,983</u>		<u>30,799</u>	
Eisenhower Professional Development State Grants	050047MS-S101	84.281			9,288	
	050047MS-S102		11,623		6,464	
Total Eisenhower Professional Development State Grants			<u>11,623</u>		<u>15,752</u>	
Assistive Technology Grant	050047-ATS1-02	84.224	3,967		3,860	
Total U.S. Department of Education			<u>605,557</u>		<u>541,726</u>	
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Donation Program	N/A	10.550		\$44,552		\$45,062
National School Lunch Program	050047-03-PU-00	10.555	139,153		139,153	
National School Breakfast Program	050047-05-PU-00	10.553	10,091		10,091	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>149,244</u>	<u>44,552</u>	<u>149,244</u>	<u>45,062</u>
<b>Totals</b>			<b><u>\$754,801</u></b>	<b><u>\$44,552</u></b>	<b><u>\$690,970</u></b>	<b><u>\$45,062</u></b>

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

**NORDONIA HILLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DONATIONS**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

**NORDONIA HILLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2002**

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

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

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

**FINDING NUMBER 2002-10977-001**

**Finding for Recovery**

During our testing of certain District's credit cards, we noted the District's former Food Service Director purchased many personal items totaling approximately \$43,000 which were not purchased to benefit the District, but were used for personal gain. These items included:

- wide screen television
- DVD and VHS movies
- lap top computer and computer accessories
- electric pressure washer
- laminating machine
- drill, drill bits
- household items
- cases of meat (including ham, steaks, sausage, hamburger, pork loins, chicken, and beef chuck steak and pork spareribs, some of which were purchased during the time school was not in session)
- jumbo snow crab legs (on one occasion)
- various assorted groceries
- golf clubs (men's 16 piece), golf balls, golf gloves, golf umbrella
- massagers
- clothing (including fleece jacket, pants, Speedo tank top, purses, handbag, diapers)
- film development
- donations to a youth choir

These items were purchased using the District's credit cards during the period October 1998 through December 2002. Based upon the examination of the detailed credit card statements and other supporting documentation on file with the District, the personal items totaled \$43,045.49 (First Merit credit card in the amount of \$13,761.12, Sam's Club credit card in the amount of \$29,180.41, and Gordon Foods Inc. in the amount of \$103.96) with restitution of \$1,864.48 to January 16, 2003. In addition, we noted the former Food Service Director falsified the Business Manager's signature for the approval of certain items. Ultimately, these personal items were paid for by the District on checks signed by the District Treasurer.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials who have control over public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

**FINDING NUMBER 2002-10977-001  
(Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Marland Sabree, former Food Service Director; and her bonding company, the Nationwide Agribusiness Insurance Company, and Carolyn Bennett, Treasurer, and her bonding company, Wausau Insurance Company, jointly and severally, in the amount of \$41,181.01, and in favor of Nordonia Hills City School District Enterprise Food Service Fund.

This matter will be referred to the Summit County Prosecutor and the Ohio Office of the Attorney General for whatever action is deemed necessary.

**FINDING NUMBER 2002-10977-002**

**Reportable Condition**

**Use of Credit/Purchasing Cards**

The District holds consumer credit (approximately 50) and purchasing cards (approximately 20) which are used by employees to purchase materials and supplies from local (and out-of-town) merchants. During the testing of expenditures related to these credit cards, the review of the District's Bylaws and Policies Section 6423, and the review of the Credit Card Guidelines, developed by the Treasurer, the following conditions were noted:

- According to the above Policy section, "the Superintendent shall develop administrative guidelines that specify those authorized to use credit cards, the types of expenses which can be paid by credit card, and their proper supervision and use." Although Credit Card Guidelines were developed, it was not clear whether the Guidelines were adopted/approved by the Superintendent as required by the above Policy section. In addition, the Guidelines that were developed did not specify who is authorized to use the credit cards, as required.
- The Guidelines state "the credit card is intended for incidental use and does not replace the requisition and purchase order process. Normal use for the card would include purchases for materials and supplies only. The card is not intended for the purchase of equipment, field trips or consultant fees." Despite these Guidelines, credit cards were used to purchase flowers for employee bereavement and sicknesses, lunches for fellow employees and various food items for administrative, staff and Board meetings. In addition, credit cards were used for seminars/conference registration.
- The Guidelines further state "the supporting documentation shall be submitted to the Treasurer for payment of the purchasing card no later than the second business day of each month for the preceding month and include: a) an activity log and a total authorized for payment, b) the original receipts stapled to the activity log in the order that they appear on the log, and c) a reconciliation form."

**FINDING NUMBER 2002-10977-002  
(Continued)**

We noted the following items specific to the use of these cards and the Guidelines:

- The District paid credit card expenditures without the original itemized receipt from the employee making the purchase, including those for seminars/conferences.
- On several occasions, the District's activity log was not signed by anyone other than the employee purchasing the item or the school secretary. In addition, purchases were made by Administrators who approved their own purchases (e.g. Middle School Principal and Assistant Superintendent). For the former Food Service Director's credit card activity log (a.k.a. as expense log), she signed her own name for approval on payment 36 times, signed the Business Manager's signature 12 times (the Business Manager was not aware that he should be approving credit card purchases) and submitted the Log 6 times without any approval. Payment was made in all of these cases.
- Large purchases were made that did not appear to be for incidental purchases (e.g., \$1,188 for stage make-up and \$1,599 for a 55" Projection TV).
- For majority of purchases, there was no evidence of review by the Treasurer's Office for proper purpose, although there was evidence the Treasurer's Office matched the individual purchase totals to the credit card statement. Purchases such as clothing, shoes, golf clubs, cases of meat, household items, groceries, DVD and VHS movies, lap-top computer, massagers, and choir donations were made; however, there was no evidence that such purchases were questioned as "proper expenditure for the operations of the District". Some of the questionable purchases made by the Food Service Director were made during school breaks and when school was not in session. Such purchases should have caught the Treasurer's office attention.
- There was an instance where two employees split the cost on the invoice to stay within their credit card limits, resulting in the circumvention of the credit card/purchasing process.
- Several of the purchases included sales tax which the District paid. However, the District is a tax exempt entity and should not pay sales tax. This resulted in monies being expended that could have been utilized for other District purposes.
- Credit cards were used to purchase large dollar equipment items that should have been made through the normal purchase order system (e.g., electric dryers for the kitchens and palm pilots for various employees).
- Although an incidental, stamps and postage were purchased using the District's credit card, though each of the schools within the District has a postage machine.

These conditions could result, and, in fact, did result, in unallowable charges being incurred (see Finding Number 2002-10977-001).

**FINDING NUMBER 2002-10977-002**  
**(Continued)**

To improve accountability over credit card expenditures, the following should be implemented:

- The Board of Education should either update the Credit Card Policy to allow the Treasurer to develop the Credit Card Guidelines or have the Superintendent acknowledge the acceptance of these Guidelines to comply with the Credit Card Policy. We also recommend that Board of Education also acknowledge and sanction these Guidelines. In addition, the Guidelines should specify those persons authorized to use the credit cards, as required by the Policy.
- The District should ensure that all employees are aware of and follow the Credit Card Guidelines. In addition, the District should ensure the credit cards are used as intended and directed within these Guidelines (i.e., incidental use for purchases of materials and supplies only). The District should initiate specific policies regarding the purchase of flowers for bereaved or sick employees, lunches for fellow employees and various food items purchased for administrative, staff and Board meetings. The District should also consider the Ohio Supreme Court's ruling in State ex. rel. McClure vs Hagerman, 155 Ohio St. 320 (1951) and enhance its policies to emphasize that expenditures should only be for the "operations" of the District.
- The Guidelines should be enhanced to specifically include restrictions on the payment by the District of items that are missing an original itemized receipt. Failure to submit these receipts should result in the District rejecting payment of any and all charges not properly documented, which would result in the employee being responsible for the incurred charges.

In addition, the following should be implemented:

- The District should enhance their Credit Card Guidelines/Policy to include a dollar limit for single item purchases. In addition, the Job Related Expense Policy 3440A should be enhanced to include dollar limits for lodging and meals. The current policy of "a reasonable per diem rate" is ambiguous and can be disputed.
- The activity log should be enhanced to include signatures of both the employees and their supervisor. All charges should be approved by the employee's immediate supervisor. All charges of Administrators should be approved by the Superintendent. The Board should review and approve all charges made by the Treasurer or the Superintendent. These procedures will help ensure the purchases were made for the operations of the District and meet the "public purpose" criteria.
- The Treasurer's Office staff should review each purchase to ensure only those items allowable under the Guidelines are paid. The staff should be trained to identify the allowable and unallowable expenditures. These reviews should be evidenced by the reviewer's initials and/or signature.
- In addition to evidencing review of the purchases by the Treasurer's Office, the Treasurer's Office should immediately send all questionable items to the employee purchasing the item for explanations. These explanations should be approved by the purchaser's immediate supervisor and the Treasurer prior to the payment of the expenditures. If an employee reimburses the District for an unsupported purchase, it should be documented in the monthly credit card reconciliation.
- The District should ensure the employees are aware of the Guidelines and discourage the use of employees splitting the cost of the invoice to circumvent the credit card/purchasing process.
- Although Credit Card Guidelines refer to the use of Tax Exemption Forms when using credit cards, these forms were not always used. The District should ensure all employees are aware of the above these guidelines and implement the use of the Tax Exemption Form.
- The District should ensure all equipment purchases follow the regular purchasing process as directed within the Credit Card Guidelines.
- The District should require employees to use the postage machines provided by the District, instead of purchasing stamps on credit cards.

**FINDING NUMBER 2002-10977-002  
 (Continued)**

- The District should also consider eliminating the credit cards or maintain the credit cards in the Treasurer’s office vault and have the user sign out the card when used. In addition, an approved requisition should be required before the cards may be used.

By developing stronger controls over the District’s credit card use, the risk of potential misuse will be reduced.

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

**FINDING NUMBER 2002-10977-003**

**Federal Question Cost**

<b>Finding Number</b>	2002-10977-003
<b>CFDA Title and Number</b>	Child Nutrition Cluster: Food Donation Program, CFDA 10.550; National School Lunch Program, CFDA 10.555; National School Breakfast program, CFDA 10.553
<b>Federal Award Number / Year</b>	CFDA 10.550 N/A CFDA 10.555 050047-03-PU-00 CFDA 10.553 050047-05-PU-00
<b>Federal Agency</b>	U.S. Department of Agriculture
<b>Pass-Through Agency</b>	Ohio Department of Education

7 CFR sections 210.14(a), 210.14(c), and 210.19(a)(2) states all revenue generated by the school food service must be used to operate and improve its food services.

The District’s former Food Service Director purchased items totaling approximately \$43,000 which were not purchased to benefit the District but were used for personal gain. These items were purchased using the District’s credit cards during the period October 1998 through December 2002.

Since these expenditures were not used to operate and improve its food services, the expenditures within **Finding Number 2002-10977-001** are questioned costs under this program.



**NORDONIA HILLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.505  
JUNE 30, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-10977-003	<p>The Treasurer implemented the following procedures:</p> <ul style="list-style-type: none"> <li>- Open purchase orders have been cancelled.</li> <li>- Building principals and district level administrators may not delegate their responsibility to approve purchases or to approve partial or final payment of claims.</li> <li>- Any approved purchase of supplies or equipment must be signed in by a building or department employee other than the purchaser.</li> <li>- All credit cards have been cancelled.</li> </ul>	January 14, 2003	Treasurer





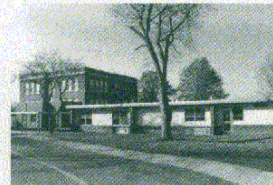
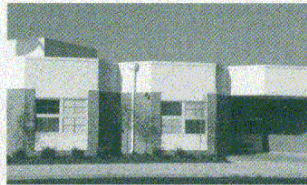
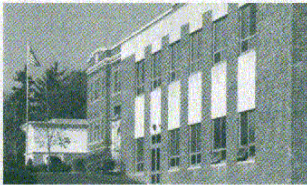
# Nordonia Hills

CITY SCHOOL DISTRICT

# OHIO

## COMPREHENSIVE

### *Annual Financial Report*



# 2002

for the fiscal year ended June 30, 2002



NORDONIA HILLS  
CITY SCHOOL DISTRICT







***Nordonia Hills City School District***  
Northfield, Ohio

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Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2002

PREPARED BY:  
CAROLYN J. BENNETT and  
TREASURER'S OFFICE STAFF



## **Introductory Section**





***Nordonia Hills City School District***  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2002**

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***Nordonia Hills City School District***  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2002**

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***Nordonia Hills City School District***  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2002**

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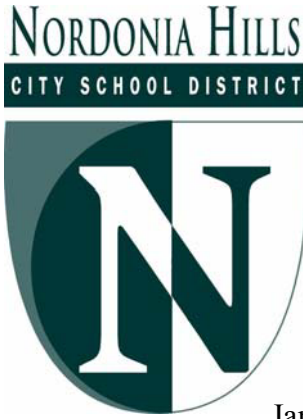
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NORDONIA HILLS  
CITY SCHOOL DISTRICT





January 17, 2003

**BOARD OF EDUCATION**  
9370 Olde Eight Road  
Northfield, Ohio 44067

To the Citizens and Board of Education  
of the Nardon Hills City School District:

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**Dr. William C. Zwick**  
Superintendent

The Comprehensive Annual Financial Report (CAFR) of the Nardon Hills City School District (the "School District"), for the fiscal year ended June 30, 2002, is hereby submitted. This report, prepared by the Treasurer's Office, includes financial statements, supplemental statements, and other financial and statistical information to provide complete and full disclosure of all material financial aspects of the School District for the 2001-2002 fiscal year.

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with School District's management. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the School District.

This CAFR, which includes an opinion from the State Auditor, conforms to generally accepted accounting principles as set forth by the Governmental Accounting Standards Board (GASB) and is representative of the School District's commitment to provide meaningful information to the citizens of the Nardon Hills City School District.

This CAFR is presented in three sections:

The Introductory Section, which is unaudited, includes a table of contents, this transmittal letter, a list of public officials, the School District's organization chart, and the Government Finance Officers Association (GFOA) certificate of achievement.

The Financial Section includes the Report of Independent Accountants, the general purpose financial statements and explanatory notes, and combining, individual fund and account group financial statements and schedules.

The Statistical Section, which is unaudited, includes selective financial, economic, and demographic information, generally presented on a multi-year basis for comparative purposes.

Copies of this report will be widely distributed throughout the School District. A copy will be sent to all school buildings, the Chamber of Commerce, major taxpayers, Northfield Public Library, Financial Rating Services, banks, the School District's Business Advisory Council, and any other interested parties.

### **The Reporting Entity**

The School District has reviewed its reporting entity definition in order to ensure conformance with Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the School District, the primary government and its potential component units.

The School District has administrative responsibility for state funds distributed to private schools located within School District boundaries. The private school served is the St. Barnabas Elementary School. While this organization shares operational and service similarity with the School District, it is a separate and distinct entity. Because of its independent nature, none of this organization's financial statements are included in this report. The Board is not appointed by the School District, nor is it fiscally dependent on the School District.

### **DESCRIPTION OF THE SCHOOL DISTRICT**

The Nordonia Hills City School District is located in the northern tip of historical Summit County, Ohio. The School District serves the picturesque communities of Northfield Center, Northfield Village, Boston Heights, Macedonia and Sagamore Hills. Easy access to the area is provided by Interstates 80, 271 and 480 and State Routes 8, 82 and 631. Major hospitals, Cleveland Hopkins Airport, and over twenty institutions of higher learning are within a thirty-minute drive. The School District's communities are predominantly suburban-residential with a population exceeding 28,000. The socio-economic make-up ranges from middle to upper income. (Statistical pg. 107)

Today, the municipalities of Macedonia, Northfield Center, Northfield Village and Sagamore Hills occupy the boundaries of what was once known as “Olde Northfield Township” which was established in 1819. It was one of the early communities of the Connecticut Western Reserve known as Town 5, Range 11, and occupied approximately 27 square miles. A complete history of Olde Northfield Township was written by Bessie Goosman and published in 1973. Olde Northfield Township’s population grew to 1,076 where it remained through 1905 when several clusters of development began to occur. In 1912, the eastern side of the township became the Village of Macedonia and the Township reorganized into a village. In 1932, the western portion of the Olde Northfield Village separated and became Sagamore Hills Township. A few years later in 1935, the middle section located between Macedonia and Sagamore Hills became Northfield Center when another group of residents broke away from what is known today as Northfield Village.

The Nordonia Hills City Schools has its roots in a one-room log schoolhouse built in 1827. The first Macedonia school was established in 1833 and located on Valley View Road at the present site of the Pavilion Building. In 1881, identical schools known as the “Old Brick Schools” were built in Macedonia and Northfield. Centralization of schools began in 1908 and students were educated in a variety of locations in the communities until a complete consolidation occurred in 1948. Soon thereafter the area began to grow in population and Lee Eaton Elementary, Ledgeview Elementary, Rushwood Elementary and the new Nordonia High School were constructed. The School District evolved into an all-time high student enrollment of 5,700 pupils in 1971, and then declined to a low of 2,800 in 1991. Following this period of declining enrollment, the School District has grown more than twenty-two percent. Growth in enrollment in the School District is projected to increase by ten percent over the next ten years. During the 2001-2002 school year the School District housed a student enrollment of 3,713 in six community schools: Northfield Elementary (1-4), Rushwood Elementary (K-4), Ledgeview Elementary (K-4), Lee Eaton Elementary (5-6), Nordonia Middle School (6-8) and Nordonia High School (9-12).

## **ORGANIZATION OF THE SCHOOL DISTRICT**

The Board of Education (the “Board”) of the School District is comprised of five members elected at large by the citizens of the School District. The Board serves as the taxing authority, contracting body, and policy initiator for the operation of the School District. The Board is responsible for the adoption of the tax budget, the annual operating budget, and approves all expenditures of the School District. The Board is a separate and distinct unit of government, and is governed by the Constitution of the State of Ohio and various statutes enacted by the Ohio General Assembly through the State Department of Education.

The Board employs a Superintendent and Treasurer to manage the daily affairs of the School District. Each position has responsibilities conferred upon it by state statute and by local board policies. The Superintendent is the chief executive officer of the School District and is responsible directly to the Board for all operations within the School District. Dr. William C. Zwick was appointed Superintendent of the School District in August 2001, with a total of thirty years of experience in education. The Treasurer is the chief fiscal officer of the School District and is responsible directly to the Board for all financial operations, investments, custody of all School District funds and assets, and serves as Secretary to the Board. Ms. Carolyn J. Bennett was appointed as Treasurer of the School District on June 1, 1991, and now has a total of twenty-one years of experience.

## **ECONOMIC CONDITION AND FUTURE OUTLOOK**

The School District is located conveniently between the metropolitan cities of Akron and Cleveland, providing a wealth of opportunity for cultural, social and economic resources for its residents. Two major State universities, the University of Akron and Kent State University, are within desirable traveling distance of the community.

The Nordonia communities offer an excellent opportunity for business growth and expansion. It is a healthy, stable environment. The City of Macedonia actively stimulates the economy through a diverse group of employers, from the small family operated business to the major commercial/industrial corporation. The five largest employers in the School District in terms of numbers of employees are:

- GRACO Children's Products Inc.
- Patio Enclosures Inc.
- Cajon Company
- Ier Industries Inc.
- Mach-I Compounding

The continued economic growth and expansion of the School District's businesses is almost certain. The School District has an excellent working relationship with the communities' leaders, which assures that development projects selected by the communities are also desirable for the School District. As an inducement to promote the economic development and welfare of the community, the City of Macedonia enacted a property tax abatement program for local businesses and industry in the early 1990's. The program offers tax abatements to entering businesses and to expansion efforts of current businesses. The City of Macedonia developed a thriving business center known as Macedonia Commons made up of over 30 businesses. Ground preparation began for a similar retail center that will be completed in calendar year 2003.



## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### **District Planning**

Eight years ago, a School District strategic planning committee made up of members of the business community, staff, student body, and parents was given the task of analyzing the needs and strengths of the Nordonia Hills City School District. The year long effort resulted in a strategic plan “Blueprint for Progress” including belief, vision and mission statements and benchmarks to measure the plan. As a result of the expiring “Blueprint for Progress”, a state directive, and the perception by community members that more is needed, continuous improvement teams were created in Nordonia allowing all stakeholders to be involved at the building and district levels of planning and design.

### **Establishment of Board Governance Policies**

The Board began its planning work by meeting over a six month period with a representative of a local education foundation “Summit Education Initiative”. Utilizing John Carver’s governance model, six governance “Ends Policies” were identified that will continue to guide the School District's school improvement processes. These “ends” are formalized in the Board’s Bylaws and Policy Manual and include:

- A School District culture that recognizes children as a precious resource
- A safe, secure environment that supports learning within world-class standards and expectations
- A district culture that values and respects the diversity of individual learners
- Stewardship of district resources
- The development of lifelong learners

### **Stewardship**

During the 2002 governance year, the Board established a Finance Committee that reports to the full school board. The committee will recommend long-term and short-term financial strategies to maintain current and proposed educational programs of the district and will review the financial conditions, policies and practices of the School District to ensure sound financial systems are in place to maximize the communities’ confidence in the Board’s financial stewardship.

The committee will also serve as the audit committee charged with the monitoring and reviewing the School District’s accounting and financial reporting practices to ensure compliance with recommendations and citations made by the Auditor of State.

### **Selection of Models for Improvement**

The School District has embraced the Standard Bearer Model for School Improvement as a framework for developing the system capacities for improvement. All educational staff have been trained in understanding the three capacities of the Standard Bearer Process: future orientation, design and focus, and strategic action. Consultants from the Center for Leadership in School Reform (CLSR) as well as visitations to the Center for Leadership in School Reform have been used to train staff members both in district level meetings and in building based meetings. Simultaneously, the School District implemented a Continuous Improvement Planning (CIP) process as defined by the State Board of Education of Ohio. During the 2001-2002 school year, the building level Continuous Improvement Process teams, comprised of parents, staff and business community members, focused on increasing stakeholder involvement in the CIP process, analyzing student achievement data and designing quality work products for students. District planning sessions focused on communicating progress in the buildings, problem solving and feedback on the building level work and updating expectations from the State for district goal development. Teams developed building level goals and strategies and monitored and communicated these goals through an audit process with the Summit County Educational Service Center acting as an external auditor.

### **Teaching and Learning Goals and Strategies**

Within the Board's end of developing world-class standards and expectations, it is a goal to achieve all standards identified by the Ohio Department of Education as measured by the Ohio Proficiency Test. A strategy to improve academic achievement is to change the way teaching and learning occurs in each classroom. This goal will be assessed as measured by student performance on the Ohio proficiency tests, Ohio Proficiency-based Assessments, and the Terra Nova. Further, the School District will act to improve the relationships and interactions of students with teachers, teachers with teachers, staff with students and teachers, staff with parents and community. Over one hundred staff members have been trained in a visioning and goal process called "Imagine 21". This program is designed by The Pacific Institute and brings various stakeholder members together to learn the connections between belief and behavior. The School District plans to measure satisfaction of students, parents, community, and staff members by utilizing qualitative survey assessments. One particular way the School District has measured community satisfaction is to host Community Leaders' Breakfasts. The purpose of these meetings is to update the community on School District issues and to administer a survey designed to identify concerns and trends. The School District began this program in school year 2000.

Strategies to improve classroom instructional practices have included the study and implementation of best instructional practices (Zemelman & Daniels, 1993). During school year 2001-2002, all certified staff participated in staff development activities geared toward improving student achievement. While this goal has not been totally met, the process for improving instruction has begun. Consultants from the area presented staff development sessions both at a district level and in individual buildings on best instructional practices. Grant monies afforded an opportunity for the School District to provide ongoing staff development in best practices for a cohort group of teachers and administrators.

### **Staff Development and Technical Support**

The Board has made a commitment to ongoing staff development through School District level technical support for the “how to” portion of implementing school improvement. For example, how do building teams begin to operate in a manner that will help improve student achievement and learning? These sessions for team training occur at a district level on a monthly basis with an outside consultant. The second level of technical support occurs at the building level with the use of various consultants who work with entire building staffs and/or building Continuous Improvement Process teams. Examples of this type of support include use of consultants at the summer building retreats to teach staff members how to analyze recently collected data and develop reform goals that are appropriate to the students' needs. The third type of technical support occurs as a coordinated effort between the buildings and the School District. Release days have been secured through the Ohio Department of Education. The School District curriculum office and the buildings share these days. The focus of the morning portion of the days is on curriculum/instruction topics directly from the current strategic plan, such as authentic assessment, while the afternoon session is used for the building to continue their whole school work on the Continuous Improvement Process. The fourth type of technical support is through the School District staff development calendar of voluntary after school and Saturday meetings where consultants, university personnel, and district teachers present on a variety of innovations including technology in the classroom, math strategies, reading in the content areas, multiage, and other topics. The School District is also the Northern Campus for The University of Akron, and graduate courses are available for those wishing to complete an advanced degree. Many outside conferences and workshops are also supported as additional means of technical support for teams or individuals. Until each Continuous Improvement Process team is comfortable with data collection and analysis, the School District will provide university consultants to help gather and analyze data used for the Continuous Improvement Process teams. During the reporting year, many staff members were trained in data analysis at Summit County Educational Service Center and much data analysis is occurring in-house.

### **Financial Commitment**

The School District has committed significant financial resources to the Board’s “Ends Policies” including: the Local Professional Development Block Grant and the Eisenhower Grant to support the technical assistance needed to support the efforts of the building Continuous Improvement Process as well as the Local Professional Development Committee (LPDC). In addition to these grant monies, the general fund supports the School District level consultant fees. This School District also received significant grant support from the Ohio Department of Education in the form of the Demonstration Reform Grants (\$471,669) awarded to Rushwood, Lee Eaton and Nordonia Middle School. These buildings were judged to be most prepared to implement school reform initiatives. During the second year of the grants, funds were used to support building level CIP staff development activities. Professional development days were focused upon designing more rigorous curriculum and improving assessment techniques. During the last three school years, the School District received \$162,000 for the Ohio Reads Program targeted for the reading comprehension of students in Northfield and Ledgeview elementary schools. District norm evaluations show increased reading achievement.

## **Construction Projects**

Construction totaling \$38,500,000 began for additions and renovations to all six educational facilities as approved by the voters on March 7, 2000. Through the efforts of the community, school board, construction manager and architect, the new additions and renovations will provide needed academic program areas and up-to-date learning environments that will enhance the practice of teaching and promote community involvement. The designs are complimentary to the existing buildings and harmonize with their surroundings, as well as with the expanding community. Areas of design focus included: entrance and administration areas to deal with increasing expectations for safety and security; instructional areas designed to be as flexible as possible allowing enhanced and optimal student grouping opportunities for increasing student population and opportunities to achieve high academic standards; and expanded library centers and technology infrastructure to provide enriched learning environments allowing students greater interaction with resource materials and the potential for academic growth. Art and music rooms are part of redesign to increase the opportunities to expand the individual talent of all students. Infrastructure elements of focus include updated mechanical systems, and replacement of windows and exterior doors are expected to increase the energy efficiency of the buildings. The increased facilities size created a focus to improve site safety with improved vehicle and pedestrian circulation. Most building designs include a separate parent drop-off area. Large group areas such as lunchrooms and gymnasiums were designed to facilitate educational schedules that promote more time for classroom instruction. These facilities will feature multi-use for school and community and promote partnerships with parents, community agencies and businesses in the delivery of high quality education, now and in the future. The communities' support of the renovations and additions is evidence of their commitment to children.

## **INTERNAL ACCOUNTING AND BUDGETARY CONTROL**

The School District's accounting system is organized on a "fund" basis. Each fund (and account group) is a distinct self-balancing accounting entity. Reports for general governmental operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. "Measurable" means the amount of the transaction can be determined. "Available" means collectable within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the School District considers to be 60 days after year-end. Reports of the School District's proprietary operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

In developing the School District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing the financial statements and maintaining the accountability of assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits derived from their implementation. Management believes the School District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The School District utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for the fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted upon receipt from the Summit County Fiscal Officer of an Official Certificate of Estimated Resources based on final assessed values and tax rates, which is usually received within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's Official Certificate of Estimated Resources. The Summit County Fiscal Officer must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the object account level within a function and fund. The Treasurer must approve all purchase order requests and necessary funds are then encumbered and purchase orders released to vendors. Management may make budgetary modifications as long as the total fund appropriation is not affected.

The accounting system used by the School District provides interim financial reports that detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations to date. In addition to interim financial statements, each administrator and school principal has immediate access to reports showing the status of the budget accounts for which they are responsible.

As an additional safeguard, a blanket bond covers all employees, and a separate, higher limit bond covers certain individuals in policy-making roles.

### **General Government Functions**

The general government funds (all governmental fund types) encompass the general, special revenue, debt service, and capital projects funds of the School District.

The following schedule presents a summary of revenues for all general government funds for fiscal year ended June 30, 2002, and the amount and percentage of increases (decreases) in relation to the 2001 fiscal year.

<i>Revenue by Source</i>	<i>2001 Amount</i>	<i>2002 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Percent of Increase (Decrease)</i>
Taxes	\$ 19,947,274	\$ 21,456,059	65.48 %	\$ 1,508,785	7.56 %
Intergovernmental	8,167,074	8,791,583	26.84	624,509	7.65
Interest	3,213,967	1,506,686	4.60	(1,707,281)	(53.12)
Tuition and fees	334,621	412,507	1.26	77,886	23.28
Extracurricular activities	305,795	332,985	1.02	27,190	8.88
Contributions and donations	119,019	87,724	0.27	(31,295)	(26.29)
Rentals	23,530	25,170	0.08	1,640	6.98
Miscellaneous	95,187	148,353	0.45	53,166	55.85
	<u>\$ 32,206,467</u>	<u>\$ 32,761,067</u>	<u>100.00 %</u>	<u>\$ 554,600</u>	<u>1.72 %</u>

Local property tax revenue is the major funding component of the School District, making up about 65% of total governmental fund revenue. Taxes increased due to increased inside millage collection and other growth from new property valuation included in the tax duplicate. The School District realized a 6.4 percent increase in the total valuation between tax year 1997 and 1998. As a comparison, the average change in the previous three non-reappraisal years was 6.6 percent.

Declining interest rates and a decreasing interim cash balance during the year accounted for the decrease of \$1,707,281 in interest income over the previous year. This decrease was primarily due to the construction project. An overnight sweep account in repurchase agreements enabled the School District to maintain daily cash balances earning interest at a locally competitive rate with STAR Ohio (State Treasury Asset Reserve). Additionally, the School District purchases certificates of deposit from approved local banking institutions, participates in STAR Ohio and utilizes the investment consultant services of Productive Portfolio to maximize the yield on interim funds.

Intergovernmental revenues include Homestead/Rollback reimbursements from the State of Ohio, State Foundation receipts, State and Federal grants, and other reimbursements from the State. The Homestead/Rollback funds are based on local tax collection efforts. Commercial and residential property owners in Ohio are given a 10 percent and 2½ percent reduction in real property taxes and the State reimburses those funds to the School District. State Foundation funds are controlled by the State Legislature and provide about 22 percent of the School District's general fund revenue. Intergovernmental revenue from State and Federal sources increased due to an increase in State foundation basic aid and the reclassification and collection changes in public utility revenue.

Tuition and fees include tuition charged for enrolled students residing outside of the School District and student fines and classroom fees. The School District participates in a four-district agreement for the purpose of special education instruction.

Extracurricular activities are comprised primarily of gate receipts and ticket sales from student events, fund raising activities and funds donated by the local student activity booster organizations and general fund transfer support. Extracurricular activities revenue increased due to an increase of fund raising activities in the 2001-2002 fiscal year.

The following schedule presents a summary of general government expenditures for the fiscal year ended June 30, 2002, and the amount and percentage of increases (decreases) in relation to the 2001 fiscal year.

<i>Expenditures by Function</i>	<i>2001 Amount</i>	<i>2002 Amount</i>	<i>Percent of Total</i>	<i>Increase (Decrease)</i>	<i>Percent of Increase (Decrease)</i>
Instruction	\$ 15,412,642	\$ 15,933,141	53.01 %	\$ 520,499	3.37 %
Pupil support	2,307,621	2,483,440	8.26	175,819	7.62
Instructional staff	1,148,580	1,279,561	4.26	130,981	11.40
Board of education	132,341	161,157	0.54	28,816	21.77
Administration	2,235,003	2,209,166	7.35	(25,837)	(1.16)
Fiscal	718,609	791,733	2.63	73,124	10.18
Business	406,300	595,524	1.98	189,224	46.57
Operation of maintenance and plant	2,947,448	3,265,468	10.87	318,020	10.79
Pupil transportation	1,727,556	1,811,744	6.03	84,188	4.87
Central	42,301	90,675	0.30	48,374	114.36
Non-instructional	396,396	426,726	1.42	30,330	7.65
Extracurricular activities	870,047	963,889	3.21	93,842	10.79
Capital outlay	15,974	42,402	0.14	26,428	165.44
	<u>\$ 28,360,818</u>	<u>\$ 30,054,626</u>	<u>100.00 %</u>	<u>\$ 1,693,808</u>	<u>5.97 %</u>

For comparative purposes, the schedule excludes debt service expenditures of \$1,885,229 and \$40,307,938 for 2002 and 2001, respectively and building, acquisition and construction expenditures (capital outlay) of \$21,798,212 and \$6,034,083 for 2002 and 2001, respectively.

The largest expenditure component in the governmental funds is the instruction/pupil support and instructional staff area. Over \$.65 of every dollar is spent on activities dealing directly with instruction and support of the students. Salaries of teachers, classroom aides, counselors, textbooks and classroom materials are examples of expenditures in this area.

The administrative function includes activities concerned with establishing and administering policy in connection with the School District. Expenditures in this category, accounting for about \$.08 of every dollar spent, include salaries of the Board of Education, school building and central office administrators, and the necessary materials and equipment to perform those jobs.

The fiscal and business functions, which account for about \$.04 of every dollar spent, include the functions of purchasing, contracts, accounting, budgeting, and payroll.

Plant operations accounted for \$.11 of every dollar spent. In addition to the salary and benefit costs of the maintenance and custodial staff, large expenditures for utilities and repair/maintenance projects are incurred on an annual basis.

Transportation and related functions account for about \$.06 of every dollar spent. In addition to salaries and benefits for the supervisor, drivers, and mechanics this area covers fuel costs, maintenance, repair, and materials in connection with transportation of 3,713 students on a daily basis. Significant activity in the major funds of each Governmental Fund Type and Account Group is highlighted below.

#### General Fund

The School District ended the 2002 fiscal year with a general fund balance of \$3,433,128. With the passage of a 7.2 mill operating levy in 1993 the Board of Education has demonstrated fiscal responsibility through conservative management practices and efficiencies in dollar cost savings.

#### Special Revenue Funds

The special revenue funds account for revenue derived primarily from grants and entitlements restricted by law to expenditures for specific purposes, or other formal actions to expend for a specific purpose. For the fiscal year ended June 30, 2002, special revenue funds had combined revenues of \$1,463,714 and expenditures of \$1,359,425.

#### Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general short-term and long-term debt principal and interest. For the fiscal year ended June 30, 2002, \$1,870,217 in interest and fiscal charges was incurred.

#### Capital Projects Fund

The capital projects fund is used to account for all transactions related to acquiring, constructing or improving of capital assets. During the year, \$22,043,525 was expended for these purposes, including: construction, scheduled roofing projects, paving throughout the School District, classroom furniture, curriculum and instructional technology, and food service technology equipment purchases.

#### Enterprise Funds

The enterprise funds are Food Service, Adult Education and High School Bookstore Sales Funds. These operations are similar to activities found in the private sector and it is the management's desire to track the profit and loss of these functions. All enterprise operations had a total net loss in fiscal year 2002 of \$5,158.



Fiduciary Funds

The fiduciary funds account for assets held by the School District as an agent for individuals, other District organizations, or other funds. The School District maintains one agency fund. On June 30, 2002, assets held in fiduciary funds amounted to \$80,164.

General Fixed Assets

The general fixed assets of the School District are used to carry on the main educational and support functions of the School District and as such are not financial resources available for expenditure. The total general fixed assets at June 30, 2002 was \$44,072,103. These assets are accounted for at historical cost. Depreciation is not recognized on general fixed assets.

**DEBT ADMINISTRATION**

The School District retired all bonded debt in fiscal year 1994. Over the next four fiscal years the School District issued and repaid tax anticipation notes for HB264 Energy Conservation projects including heating, lighting and electrical upgrades. The School District issued debt totaling \$38,500,000 on December 6, 2000. The following schedule identifies the relevant statistics of the issuance provided by the School District’s underwriter Fifth Third Securities, Inc:

*DEBT SERVICE SCHEDULE*

<i>Fiscal Year</i>				
<i>Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Total P + I</i>
6/30/2003	775,000.00	4.350%	1,818,502.51	2,593,502.51
6/30/2004	1,075,000.00	4.400%	1,777,996.26	2,852,996.26
6/30/2005	1,200,000.00	4.450%	1,727,646.26	2,927,646.26
6/30/2006	1,290,000.00	4.500%	1,671,921.26	2,961,921.26
6/30/2007	1,350,000.00	4.550%	1,612,183.76	2,962,183.76
6/30/2008	1,425,000.00	4.600%	1,548,696.26	2,973,696.26
6/30/2009	1,480,000.00	4.650%	1,481,511.26	2,961,511.26
6/30/2010	1,550,000.00	4.700%	1,410,676.26	2,960,676.26
6/30/2011	1,625,000.00	4.750%	1,335,657.51	2,960,657.51
6/30/2012	769,420.00	-	2,227,643.76	2,997,063.76
6/30/2013	715,683.00	-	2,281,380.76	2,997,063.76
6/30/2014	665,686.00	-	2,331,377.76	2,997,063.76
6/30/2015	619,174.00	-	2,377,889.76	2,997,063.76
6/30/2016	1,700,000.00	5.375%	1,251,376.26	2,951,376.26
6/30/2017	1,790,000.00	5.375%	1,157,582.51	2,947,582.51
6/30/2018	1,890,000.00	5.375%	1,058,682.51	2,948,682.51
6/30/2019	1,990,000.00	5.375%	954,407.51	2,944,407.51
6/30/2020	2,095,000.00	5.375%	844,623.13	2,939,623.13
6/30/2021	2,210,000.00	5.375%	728,926.25	2,938,926.25
6/30/2022	2,330,000.00	5.450%	606,040.00	2,936,040.00
6/30/2023	2,455,000.00	5.450%	475,648.75	2,930,648.75
6/30/2024	2,590,000.00	5.450%	338,172.50	2,928,172.50
6/30/2025	2,730,000.00	5.450%	193,202.50	2,923,202.50
6/30/2026	2,180,037.00	5.450%	59,405.00	2,239,442.00
Total	<u>\$ 38,500,000.00</u>		<u>\$ 31,271,150.30</u>	<u>\$ 69,771,150.30</u>

## YIELD STATISTICS

Accrued Interest from 12/01/2000 to 12/20/2000.....	\$96,866
Bond Year Dollars.....	599,139
Average Life.....	15.562 Years
Average Coupon.....	5.6788456%

Net Interest Cost (NIC).....	5.5789060%
True Interest Cost (TIC).....	5.3250330%
Bond Yield for Arbitrage Purposes.....	5.3061035%
All Inclusive Cost (AIC).....	5.4760793%

### IRS FORM 8038

Net Interest Cost.....	5.4763452%
Weighted Average Maturity.....	15.432 Years

## CASH MANAGEMENT

The School District has taken a conservative approach to the cash management program in previous years. Funds are maintained primarily through the School District's major financial depository institution, Star Ohio and other institutions as approved in the School District's investment policy. Interest rates were stable throughout the reporting period. Total amount of interest earned was \$1,512,517. This was a decrease of \$1,694,631 over the previous year due to use of the bond proceeds. The School District employs the consulting services of Productive Portfolio in order to maximize the investment opportunities provided by the sale of bonds and General Fund interim balances.

Protection of the School District's cash and investments is provided by the Federal Deposit Insurance Corporation as well as by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. As required under Ohio law, pooled securities have been pledged in an amount equal to 105% of the total deposits, to secure the repayment of all public moneys deposited in a financial institution. A detailed description of the School District's investment function is described in Note 5 to the financial statements.

## RISK MANAGEMENT

As a political subdivision, the School District maintains protection for its assets and employees through a comprehensive insurance program. Insurance policies for general liability, property loss, boiler and machinery coverage, and vehicle fleet liability are purchased from insurance companies licensed to do business in the State of Ohio.

The School District provides employee medical/surgical benefits through Stark County Schools Council of Government shared risk pool. Rates are set through an annual calculation process. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. In addition to the School District's portion of the monthly premium, employees share the cost of insurance based on the terms of their union contract. Dental and vision insurance are also provided by the School District to all employees through the Stark County Schools Council of Government. Upon termination, all School District claims would be paid without regard to the School District's account balance.

All employees of the School District are covered by workers compensation. Effective January 1, 1995, the School District joined a group-rating program through the Ohio School Board Association in an effort to control these costs. Over 421 school districts in Ohio are members. The program has generated a five-year premium saving of \$73,371 through the 2001 calendar year.

## **PENSION PLANS**

All District employees are covered by the statewide School Employees Retirement System (SERS) or the State Teachers Retirement System of Ohio (STRS Ohio). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system, currently 14 percent.

School District contributions for 2002 were \$1,973,115 as the employer portion to STRS Ohio and \$814,215 in employer contributions to SERS. Included in the SERS remittance is an annual employer surcharge. Starting in 1988-89 an additional employer charge (surcharge) was levied on salaries of lower-paid SERS members. Minimum annual compensation is determined annually by the System's actuaries and was \$12,400 for fiscal 2002. The surcharge is calculated at 14 percent of the difference between the member's annual compensation and the minimum compensation level. For the 2001-2002 fiscal year, a surcharge of \$61,469 was incurred.

## **OTHER INFORMATION**

### **School Funding Case – Status**

Litigation, similar to that in other states, has been pending in Ohio courts since 1991 questioning the constitutionality of Ohio's system of school funding and compliance with the constitutional requirement that the State provide a "thorough and efficient system of common schools". In May 2000, the Ohio Supreme Court in a 4-3 decision concluded (as it had in 1997) that the State did not comply with that requirement, even after crediting significant gubernatorial and legislative steps in recent years. The Court stated as general base threshold requirements that every school district have:

- Enough funds to operate
- An ample number of teachers
- Sound and safe buildings
- Equipment sufficient for all students to be afforded and educational opportunity

With particular respect to funding sources, the Supreme Court repeated its 1997 conclusion that property taxes no longer may be the primary means of school funding in Ohio, noting that recent efforts to reduce that historic reliance have been laudable, but in the Court's view insufficient.

In its prior 1997 opinion, The Supreme Court had held that major aspects of the system (including basic operating assistance and "prior solvency assistance" programs) were not in compliance with the constitutional requirement. On remand to consider the sufficiency of then intervening legislative and gubernatorial actions, the trial court judge early in 1999 again concluded, even in light of those actions subsequent to his initial opinion, that the State was not in compliance with the constitutional requirements. The recent Supreme Court action was on an appeal from that decision.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations

### **Independent Audit**

Provisions of State statute require the School District's financial statements to be subjected to an examination by the Ohio Auditor of State. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendment of 1996 and related OMB Circular A-133. The State Auditor's unqualified opinion rendered on the School District's general purpose financial statements and their in-relation opinion on the combining and individual fund statements and schedules for fiscal year 2002 is included in the financial section of this Comprehensive Annual Financial Report.

### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Nordon Hills City School District for its Comprehensive Annual Financial Report for the fiscal years 1999, 2000 and 2001. The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

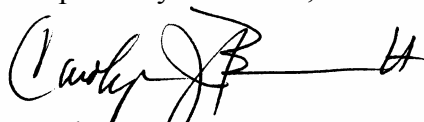
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

**Acknowledgments**

My sincere appreciation and thanks are extended to the many individuals who made the preparation and publication of this Comprehensive Annual Financial Report a reality. Special recognition goes to Nordonia's Assistant Treasurer, Ms. Donna Snider, and Public Information Officer, Ms. Patricia Koslo. This accomplishment would not have been possible without their support and efforts.

I would also extend my appreciation to the members of the Nordonia Board of Education for their leadership, commitment to excellence, support, and interest in this major project.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Carolyn J. Bennett', with a horizontal line extending to the right and a small flourish at the end.

Carolyn J. Bennett  
Treasurer

***Nordonia Hills City School District***  
**Public Officials Roster**  
**Year Ended June 30, 2002**

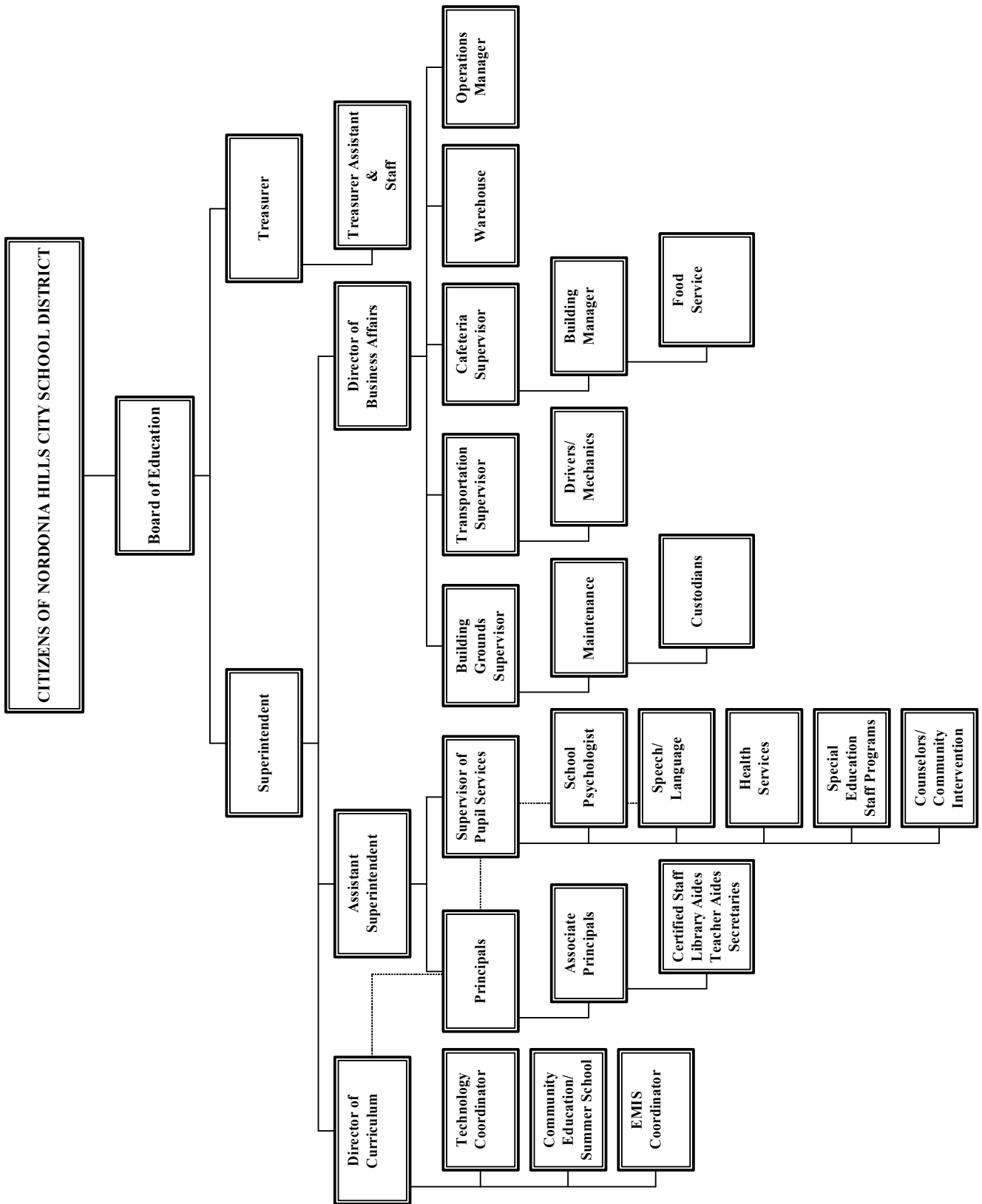
Board of Education

Mr. Gregory Harris	President 1/00 – 12/03
Mrs. Betty Klingenberg	Vice President 1/02 – 12/05
Mrs. Mary Sindelar	Member 1/00 – 12/03
Mr. Carl Ebner	Member 1/02 – 12/05
Mrs. Catherine Cohara	Member 1/02 – 12/05

Administration

Dr. William C. Zwick	Superintendent 8/01 – present
Ms. Carolyn J. Bennett	Treasurer 1/98 – present

**Nordonia Hills City School District  
Organization Chart**



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Nordonia Hills City  
School District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*William Patrick Pate*  
President

*Jeffrey L. Essler*  
Executive Director



## **Financial Section**





**Auditor of State  
Betty Montgomery**

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

**REPORT OF INDEPENDENT ACCOUNTANTS**

Nordonia Hills City School District  
Summit County  
9370 Olde Eight Road  
Northfield, Ohio 44067

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Nordonia Hills City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2002, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, 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 January 17, 2003 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 combining individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are 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, it is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 17, 2003

***GENERAL PURPOSE FINANCIAL STATEMENTS***

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

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 5,645,409	\$ 519,126	\$ 704,262	\$ 12,525,792
Cash and cash equivalents in segregated accounts	-	1,874	-	6,291,413
Cash and cash equivalents with fiscal and escrow agents	-	-	15,975	479,984
<u>Receivables:</u>				
Taxes	20,262,484	-	2,359,232	637,938
Accounts	10,717	1,966	-	15,068
Intergovernmental	182,450	77,498	-	-
Accrued interest	5,978	-	-	28,244
Interfund receivable	12,318	-	89,848	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	73,767	-	-	-
Equity in pooled cash and cash equivalents (restricted)	322,295	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount available in debt service fund for retirement of general long-term obligations	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 26,515,418</u>	<u>\$ 600,464</u>	<u>\$ 3,169,317</u>	<u>\$ 19,978,439</u>
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 228,090	\$ 77,766	\$ -	\$ 242,487
Contracts payable	-	25,294	-	2,881,856
Accrued wages	2,246,672	35,202	-	-
Compensated absences payable	127,920	-	-	-
Retainage payable	-	-	-	479,984
Interfund payable	89,848	12,318	-	-
Intergovernmental payable	733,907	15,885	-	-
Deferred revenue	19,655,853	34,000	2,293,183	618,898
Due to students	-	-	-	-
Matured bonds payable	-	-	15,000	-
Matured interest payable	-	-	975	-
Capital leases payable	-	-	-	-
Early retirement incentive payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total liabilities	<u>23,082,290</u>	<u>200,465</u>	<u>2,309,158</u>	<u>4,223,225</u>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
<u>Retained earnings:</u>				
Unreserved	-	-	-	-
<u>Fund balance:</u>				
Reserved for encumbrances	351,354	56,829	-	11,778,651
Reserved for inventory	73,767	-	-	-
Reserved for debt service	-	-	794,110	-
Reserved for property taxes	606,631	-	66,049	19,040
Reserved for budget stabilization	269,950	-	-	-
<u>Unreserved:</u>				
Designated for budget stabilization	52,345	-	-	-
Undesignated	2,079,081	343,170	-	3,957,523
Total fund equity and other credits	<u>3,433,128</u>	<u>399,999</u>	<u>860,159</u>	<u>15,755,214</u>
Total liabilities, fund equity and other credits	<u>\$ 26,515,418</u>	<u>\$ 600,464</u>	<u>\$ 3,169,317</u>	<u>\$ 19,978,439</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$ 88,767	\$ 79,664	\$ -	\$ -	\$ 19,563,020
-	-	-	-	6,293,287
-	-	-	-	495,959
-	-	-	-	23,259,654
-	500	-	-	28,251
-	-	-	-	259,948
-	-	-	-	34,222
-	-	-	-	102,166
9,094	-	-	-	9,094
4,026	-	-	-	77,793
-	-	-	-	322,295
50,795	-	44,072,103	-	44,122,898
-	-	-	860,159	860,159
-	-	-	40,710,037	40,710,037
<u>\$ 152,682</u>	<u>\$ 80,164</u>	<u>\$ 44,072,103</u>	<u>\$ 41,570,196</u>	<u>\$ 136,138,783</u>
\$ 1,017	\$ 925	\$ -	\$ -	\$ 550,285
-	-	-	-	2,907,150
40,828	-	-	-	2,322,702
28,560	-	-	2,421,849	2,578,329
-	-	-	-	479,984
-	-	-	-	102,166
46,734	29	-	284,932	1,081,487
3,264	-	-	-	22,605,198
-	79,210	-	-	79,210
-	-	-	-	15,000
-	-	-	-	975
-	-	-	318,415	318,415
-	-	-	45,000	45,000
-	-	-	38,500,000	38,500,000
<u>120,403</u>	<u>80,164</u>	<u>-</u>	<u>41,570,196</u>	<u>71,585,901</u>
-	-	44,072,103	-	44,072,103
1,195	-	-	-	1,195
31,084	-	-	-	31,084
-	-	-	-	12,186,834
-	-	-	-	73,767
-	-	-	-	794,110
-	-	-	-	691,720
-	-	-	-	269,950
-	-	-	-	52,345
-	-	-	-	6,379,774
<u>32,279</u>	<u>-</u>	<u>44,072,103</u>	<u>-</u>	<u>64,552,882</u>
<u>\$ 152,682</u>	<u>\$ 80,164</u>	<u>\$ 44,072,103</u>	<u>\$ 41,570,196</u>	<u>\$ 136,138,783</u>

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

Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Taxes	\$ 18,562,981	\$ -	\$ 2,309,132	\$ 583,946
Intergovernmental	7,339,575	1,121,621	270,034	60,353
Interest	238,292	5,221	-	1,263,173
Tuition and fees	412,507	-	-	-
Extracurricular activities	37,932	295,053	-	-
Contributions and donations	60,700	27,024	-	-
Rentals	25,065	-	-	105
Miscellaneous	113,310	14,795	-	20,248
Total revenues	<u>26,790,362</u>	<u>1,463,714</u>	<u>2,579,166</u>	<u>1,927,825</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	12,636,299	96,915	-	11,388
Special	2,589,515	133,637	-	-
Vocational	303,509	-	-	-
Other	161,878	-	-	-
Support services:				
Pupils	2,325,867	157,573	-	-
Instructional staff	1,068,661	210,900	-	-
Board of education	161,157	-	-	-
Administration	2,187,548	21,618	-	-
Fiscal	744,007	1,184	34,858	11,684
Business	401,313	-	-	194,211
Operation and maintenance of plant	3,237,438	-	-	28,030
Pupil transportation	1,811,744	-	-	-
Central	90,135	540	-	-
Operation of non-instructional services	-	426,726	-	-
Extracurricular activities	653,557	310,332	-	-
Capital outlay	42,402	-	-	21,798,212
Debt service:				
Principal retirement	36,191	-	-	-
Interest and fiscal charges	13,679	-	1,835,359	-
Total expenditures	<u>28,464,900</u>	<u>1,359,425</u>	<u>1,870,217</u>	<u>22,043,525</u>
Excess of revenues over (under) expenditures	<u>(1,674,538)</u>	<u>104,289</u>	<u>708,949</u>	<u>(20,115,700)</u>
<u>Other financing sources (uses):</u>				
Inception of capital lease	354,606	-	-	-
Operating transfers in	-	23,900	-	-
Operating transfers out	(25,162)	-	-	-
Total other financing sources (uses)	<u>329,444</u>	<u>23,900</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,345,094)</u>	<u>128,189</u>	<u>708,949</u>	<u>(20,115,700)</u>
Fund balances at beginning of year	4,765,765	271,810	151,210	35,870,914
Increase in reserve for inventory	12,457	-	-	-
Fund balances at end of year	<u>\$ 3,433,128</u>	<u>\$ 399,999</u>	<u>\$ 860,159</u>	<u>\$ 15,755,214</u>

See accompanying notes to the general purpose financial statements.



Totals  
(Memorandum  
Only)

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\$ 21,456,059  
8,791,583  
1,506,686  
412,507  
332,985  
87,724  
25,170  
148,353

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32,761,067

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12,744,602  
2,723,152  
303,509  
161,878

2,483,440  
1,279,561  
161,157  
2,209,166  
791,733  
595,524  
3,265,468  
1,811,744  
90,675  
426,726  
963,889  
21,840,614

36,191  
1,849,038

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53,738,067

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(20,977,000)

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354,606  
23,900  
(25,162)

---

353,344

---

(20,623,656)

41,059,699

12,457

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\$ 20,448,500

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**Nordonia Hills City School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2002**

	Governmental Fund Types		
	Revised Budget	General Fund	
		Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 18,547,775	\$ 18,547,775	\$ -
Intergovernmental	7,405,076	7,405,076	-
Interest	223,112	223,112	-
Tuition and fees	309,245	309,245	-
Rentals	19,780	19,780	-
Extracurricular activities	37,932	37,932	-
Contributions and donations	60,700	60,700	-
Miscellaneous	97,940	97,940	-
Total revenues	<u>26,701,560</u>	<u>26,701,560</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	12,523,904	12,523,904	-
Special	2,621,427	2,621,427	-
Vocational	329,878	329,878	-
Other	225,190	225,190	-
Support services:			
Pupils	2,299,071	2,299,071	-
Instructional staff	1,103,240	1,103,240	-
Board of education	168,321	168,321	-
Administration	2,182,347	2,182,347	-
Fiscal	772,265	772,265	-
Business	400,669	400,669	-
Operation and maintenance of plant	3,106,798	3,106,798	-
Pupil transportation	1,870,013	1,870,013	-
Central	131,103	131,103	-
Operation of non-instructional services	-	-	-
Extracurricular activities	661,610	661,610	-
Capital outlay	58,395	58,395	-
Debt service:			
Interest and fiscal charges	-	-	-
Total expenditures	<u>28,454,231</u>	<u>28,454,231</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,752,671)</u>	<u>(1,752,671)</u>	<u>-</u>
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	11,781	11,781	-
Refund of prior year receipts	(210)	(210)	-
Advances in	401,114	401,114	-
Advances out	(211,620)	(211,620)	-
Operating transfers in	6,191	6,191	-
Operating transfers out	(31,353)	(31,353)	-
Total other financing sources (uses)	<u>175,903</u>	<u>175,903</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,576,768)</u>	<u>(1,576,768)</u>	<u>-</u>
Fund balances at beginning of year	6,136,385	6,136,385	-
Prior year encumbrances appropriated	840,087	840,087	-
Fund balances at end of year	<u>\$ 5,399,704</u>	<u>\$ 5,399,704</u>	<u>\$ -</u>

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,328,697	\$ 2,328,697	\$ -
1,086,672	1,086,672	-	270,034	270,034	-
5,221	5,221	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
296,305	296,305	-	-	-	-
21,674	21,674	-	-	-	-
17,714	17,714	-	-	-	-
<u>1,427,586</u>	<u>1,427,586</u>	<u>-</u>	<u>2,598,731</u>	<u>2,598,731</u>	<u>-</u>
121,456	121,456	-	-	-	-
141,604	141,604	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
183,326	183,326	-	-	-	-
213,907	213,907	-	-	-	-
-	-	-	-	-	-
22,185	22,185	-	-	-	-
1,200	1,200	-	34,858	34,858	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
655	655	-	-	-	-
408,829	408,829	-	-	-	-
323,272	323,272	-	-	-	-
-	-	-	-	-	-
-	-	-	1,835,359	1,835,359	-
<u>1,416,434</u>	<u>1,416,434</u>	<u>-</u>	<u>1,870,217</u>	<u>1,870,217</u>	<u>-</u>
<u>11,152</u>	<u>11,152</u>	<u>-</u>	<u>728,514</u>	<u>728,514</u>	<u>-</u>
210	210	-	-	-	-
(11,116)	(11,116)	-	-	-	-
211,620	211,620	-	-	-	-
(211,862)	(211,862)	-	(189,252)	(189,252)	-
29,439	29,439	-	-	-	-
(5,539)	(5,539)	-	-	-	-
<u>12,752</u>	<u>12,752</u>	<u>-</u>	<u>(189,252)</u>	<u>(189,252)</u>	<u>-</u>
23,904	23,904	-	539,262	539,262	-
277,875	277,875	-	165,000	165,000	-
86,986	86,986	-	-	-	-
<u>\$ 388,765</u>	<u>\$ 388,765</u>	<u>\$ -</u>	<u>\$ 704,262</u>	<u>\$ 704,262</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Budget and Actual**  
**All Governmental Fund Types (Continued)**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Capital Projects Funds Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 586,140	\$ 586,140	\$ -
Intergovernmental	60,353	60,353	-
Interest	1,212,336	1,212,336	-
Tuition and fees	-	-	-
Rentals	-	-	-
Extracurricular activities	-	-	-
Contributions and donations	-	-	-
Miscellaneous	5,285	5,285	-
Total revenues	<u>1,864,114</u>	<u>1,864,114</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,388	11,388	-
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support services:			
Pupils	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	9,184	9,184	-
Business	231,350	231,350	-
Operation and maintenance of plant	29,330	29,330	-
Pupil transportation	-	-	-
Central	-	-	-
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Capital outlay	35,421,734	35,421,734	-
Debt service:			
Interest and fiscal charges	-	-	-
Total expenditures	<u>35,702,986</u>	<u>35,702,986</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(33,838,872)</u>	<u>(33,838,872)</u>	<u>-</u>
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	-	-	-
Refund of prior year receipts	-	-	-
Advances in	-	-	-
Advances out	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(33,838,872)	(33,838,872)	-
Fund balances at beginning of year	24,241,245	24,241,245	-
Prior year encumbrances appropriated	13,593,991	13,593,991	-
Fund balances at end of year	<u>\$ 3,996,364</u>	<u>\$ 3,996,364</u>	<u>\$ -</u>

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 21,462,612	\$ 21,462,612	\$ -
8,822,135	8,822,135	-
1,440,669	1,440,669	-
309,245	309,245	-
19,780	19,780	-
334,237	334,237	-
82,374	82,374	-
120,939	120,939	-
<u>32,591,991</u>	<u>32,591,991</u>	<u>-</u>
12,656,748	12,656,748	-
2,763,031	2,763,031	-
329,878	329,878	-
225,190	225,190	-
2,482,397	2,482,397	-
1,317,147	1,317,147	-
168,321	168,321	-
2,204,532	2,204,532	-
817,507	817,507	-
632,019	632,019	-
3,136,128	3,136,128	-
1,870,013	1,870,013	-
131,758	131,758	-
408,829	408,829	-
984,882	984,882	-
35,480,129	35,480,129	-
<u>1,835,359</u>	<u>1,835,359</u>	<u>-</u>
<u>67,443,868</u>	<u>67,443,868</u>	<u>-</u>
<u>(34,851,877)</u>	<u>(34,851,877)</u>	<u>-</u>
11,991	11,991	-
(11,326)	(11,326)	-
612,734	612,734	-
(612,734)	(612,734)	-
35,630	35,630	-
(36,892)	(36,892)	-
<u>(597)</u>	<u>(597)</u>	<u>-</u>
(34,852,474)	(34,852,474)	-
30,820,505	30,820,505	-
14,521,064	14,521,064	-
<u>\$ 10,489,095</u>	<u>\$ 10,489,095</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Combined Statement of Revenues,**  
**Expenses and Changes in Retained Earnings**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended June 30, 2002**

	<u>Enterprise</u>
<u>Operating revenues:</u>	
Tuition	\$ 2,114
Sales	847,390
Other operating revenues	4,192
Total operating revenue	<u>853,696</u>
<u>Operating expenses:</u>	
Salaries	375,128
Fringe benefits	118,864
Purchased services	15,184
Materials and supplies	68,162
Cost of sales	460,052
Depreciation	7,829
Other operating expenses	4,038
Total operating expenses	<u>1,049,257</u>
Operating loss	<u>(195,561)</u>
<u>Non-operating revenues:</u>	
Federal donated commodities	45,062
Operating grants	138,248
Interest	5,831
Total non-operating revenues	<u>189,141</u>
Loss before operating transfers	<u>(6,420)</u>
Operating transfers in	<u>1,262</u>
Net loss	(5,158)
Retained earnings at beginning of year	36,242
Retained earnings at end of year	<u>\$ 31,084</u>

See accompanying notes to the general purpose financial statements.

***Nordonia Hills City School District***  
**Combined Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget and Actual**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Enterprise Funds Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$ 2,114	\$ 2,114	\$ -
Sales	847,390	847,390	-
Interest	5,831	5,831	-
Other revenues	4,172	4,172	-
Operating grants	154,948	154,948	-
Total revenues	<u>1,014,455</u>	<u>1,014,455</u>	<u>-</u>
<u>Expenses:</u>			
Salaries	369,759	369,759	-
Fringe benefits	100,737	100,737	-
Purchased services	14,223	14,223	-
Materials and supplies	493,163	493,163	-
Other expenses	4,038	4,038	-
Total expenses	<u>981,920</u>	<u>981,920</u>	<u>-</u>
Excess of revenues over expenses before operating transfers	<u>32,535</u>	<u>32,535</u>	<u>-</u>
Operating transfers in	<u>1,262</u>	<u>1,262</u>	<u>-</u>
Excess of revenues over expenses and operating transfers	33,797	33,797	-
Fund equity at beginning of year	29,977	29,977	-
Prior year encumbrances appropriated	21,412	21,412	-
Fund equity at end of year	<u>\$ 85,186</u>	<u>\$ 85,186</u>	<u>\$ -</u>

See accompanying notes to the general purpose financial statements.

***Nordonia Hills City School District***  
**Combined Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended June 30, 2002**

	Enterprise
<u>Cash flows from operating activities:</u>	
Cash received from customers	\$ 847,390
Cash received from tuition payments	2,114
Cash received from other operating sources	4,192
Cash payments to suppliers for goods and services	(500,743)
Cash payments to employees for services	(369,759)
Cash payments for employee benefits	(100,737)
Cash payments for other operating expenses	(4,038)
Net cash used for operating activities	<u>(121,581)</u>
<u>Cash flows from noncapital financing activities:</u>	
Operating grants	154,948
Transfer in	1,262
Net cash provided by noncapital financing activities	<u>156,210</u>
<u>Cash flows from capital financing activities:</u>	
Acquisition of capital assets	(3,083)
Net cash used for capital financing activities	<u>(3,083)</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	5,831
Net cash provided by investing financing	<u>5,831</u>
Net increase in cash and cash equivalents	37,377
Cash and cash equivalents at beginning of year	51,390
Cash and cash equivalents at end of year	<u>\$ 88,767</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>	
Operating loss	<u>\$ (195,561)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	7,829
Federal donated commodities	45,062
Change in assets and liabilities:	
(Increase) decrease in assets:	
Inventory	4,819
Increase (decrease) in liabilities:	
Accounts payable	(7,548)
Accrued wages	4,426
Compensated absences payable	959
Intergovernmental payable	18,111
Deferred revenue	322
Total adjustments	<u>73,980</u>
Net cash used for operating activities	<u>\$ (121,581)</u>

Noncash Activities:

Donated commodities are received from the federal government in the Food Service enterprise fund in the amount of \$45,062.

See accompanying notes to the general purpose financial statements.



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

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Nordonia Hills City School District (the "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 form of government. Each member is elected to a four year term. The School District provides educational services as mandated by State and/or Federal agencies. This Board of Education controls the School District's six instructional/support facilities staffed by 267 non-certificated employees, 297 certificated full-time teaching personnel and 17 administrative employees to provide services to 3,713 students and other community members.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Nordonia Hills City School District, this includes general operations, food service, preschool 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 shared risk pool. These organizations include the Cuyahoga Valley Career Center, the Northeast Ohio Network for Educational Technology (NEONET), and the Health Benefits Program of the Stark County Schools Council of Government. These organizations are presented in Notes 17 and 19 to the general purpose financial statements.

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

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

**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 available expendable resources.

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

**Governmental Fund Types** Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary 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 obligation 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 of the Board of Education 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 the Board of Education has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

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

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

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

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

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

All enterprise 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. Enterprise funds 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. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 60 days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue.

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

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 the governmental 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 60 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**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 Appropriation 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. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

**Estimated Resources** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year.

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

**Appropriations** Upon receipt from the Summit County Fiscal Officer 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 must be legally enacted by the Board of Education at the fund level of expenditures, 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 expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. The allocation of appropriations among functions and objects within a fund is determined during the fiscal year by the Treasurer. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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

***D. Cash and Investments***

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. During fiscal year 2002, investments were limited to certificates of deposit, repurchase agreements, STAR Ohio investments, Federal Home Loan Bank securities, Federal Home Loan Mortgage Corporation securities and Federal National Mortgage Association securities. 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 and certificates of deposit are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$238,292, which includes \$183,705 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's pool. These depository accounts are presented as "cash and cash equivalents in segregated accounts" on the balance sheet.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. In addition, the School District has set up retainage accounts for various construction contracts. The balance in these accounts is presented on the combined balance sheet as "cash and cash equivalents with fiscal and escrow agents" and represents deposits.

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 initial maturity of more than three months not purchased from the pool are reported as investments.

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

***E. Inventory***

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

***F. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. A separate fund balance reserve and a designation have also been established. See Note 21 for additional information regarding set-asides.



**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 enterprise 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 \$500. The School District does not possess any infrastructure.

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. Improvements are capitalized and depreciated over the remaining useful lives of fund fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life that ranges from 5 to 20 years.

**H. Intergovernmental  
Revenues**

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

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

**Entitlements**

*General Fund*

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

**Non-Reimbursable Grants**

*Special Revenue Funds*

- Title VI-B
- Title VI
- Drug Free Schools
- Management Information Systems
- Auxiliary Services
- SchoolNet Development

**Reimbursable Grants**

*General Fund*

Driver Education

*Proprietary Funds*

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements amounted to 27 percent of the School District's governmental fund operating revenue during the 2002 fiscal year.

**I. Interfund**  
*Assets/Liabilities*

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

**J. 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 payment method. An accrual for earned sick leave is made to the extent 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.

**K. 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 judgments, 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 available expendable financial resources. Payments made more than 60 days after year-end are generally considered not to have been paid with current available financial resources.

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

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

***L. 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.

***M. Fund Balance Reserves and Designations***

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. 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 have been established for encumbrances, inventories of supplies and materials, debt service, property taxes, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

***N. Estimates***

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

***O. 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, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Fund Deficits**

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At June 30, 2002, the Teacher Development, Management Information Systems and Title VI Special Revenue Funds had deficit fund balances of \$344, \$210 and \$1,214, respectively. These fund deficits are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

**Note 4 - Budgetary Basis of Accounting**

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While the School District is reporting its financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget 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 basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types and as a note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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*Net Loss/Excess of Revenues Over Expenses  
Proprietary Fund Type*

	<i>Enterprise</i>
<i>GAAP Basis</i>	\$ (5,158)
<i>Net adjustment for revenue</i>	(28,382)
<i>Net adjustment for expense</i>	67,106
<i>Depreciation expense</i>	7,829
<i>Capital outlay</i>	(4,038)
<i>Encumbrances</i>	(3,560)
	\$ 33,797

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<i>GAAP Basis</i>	\$ (1,345,094)	\$ 128,189	\$ 708,949	\$ (20,115,700)
<i>Net adjustment for revenue accruals</i>	(24,322)	181,241	19,565	(63,711)
<i>Net adjustment for expenditure accruals</i>	369,549	(163,419)	(189,252)	1,138,790
<i>Encumbrances</i>	<u>(576,901)</u>	<u>(122,107)</u>	<u>-</u>	<u>(14,798,251)</u>
<i>Budget Basis</i>	<u>\$ (1,576,768)</u>	<u>\$ 23,904</u>	<u>\$ 539,262</u>	<u>\$ (33,838,872)</u>

**Note 5 - 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 monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

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

Protection of the 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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.

Cash on hand - At fiscal year end, the School District had \$300 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

The following information classifies deposits and investments by categories of custodial credit 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 \$1,469,436 and the bank balance was \$1,597,714. \$683,995 of the bank balance was covered by federal depository insurance. \$913,719 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all 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 investments to be categorized to give an indication of the level of custodial credit risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which 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 counter-party'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 counter-party, or by its trust department or agent but not in the School District's name.

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

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	<u>Category</u> <u>3</u>	<u>Fair</u> <u>Value</u>
<u>Categorized Investments</u>		
Federal Home Loan Mortgage Corp. Securities	\$ 1,940,379	\$ 1,940,379
Federal Home Loan Bank Securities	504,688	504,688
Federal National Mortgage Assn. Securities	943,090	943,090
Repurchase Agreement	<u>10,008,589</u>	<u>10,008,589</u>
	<u>\$ 13,396,746</u>	
<u>Uncategorized Investments</u>		
STAR Ohio		<u>11,808,379</u>
Totals		<u>\$ 25,205,125</u>

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**Note 6 - Property Taxes**

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

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

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at 35% 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. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25% of true value.

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



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

	<i>2001 Second Half Collections</i>		<i>2002 First Half Collections</i>	
	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>
<i>Agriculture/Residential and Other Real Estate</i>	\$ 637,061,940	87.06 %	\$ 676,923,010	88.28 %
<i>Public Utility</i>	35,666,200	4.87	29,824,630	3.89
<i>Tangible Personal Property</i>	59,055,468	8.07	60,057,185	7.83
<i>Total Assessed Value</i>	<u>\$ 731,783,608</u>	<u>100.00 %</u>	<u>\$ 766,804,825</u>	<u>100.00 %</u>
<i>Tax rate per \$1,000 of assessed valuation</i>	59.26		57.59	
<i>Effective rate per \$1,000 of assessed valuation</i>	28.12		27.48	

The School District passed a 3.65 mills bond issue in March 2000. The collection on this levy began in January 2001.

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

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

The School District receives property taxes from Summit County. The Summit County Fiscal Officer 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, 2002 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which are measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only 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 amount available as an advance at June 30, 2002 was \$691,720; \$606,631 was available to the general fund and \$66,049 was available to the debt service fund, and \$19,040 was available to the permanent improvements capital projects fund.

**Note 7 - Receivables**

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Receivables at June 30, 2002, consisted of taxes, accounts (rent and student fees), accrued interest, 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:

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	<u>Amount</u>
<b>General Fund</b>	
<i>Tuition from other school districts</i>	\$ 182,450
<b>Special Revenue Fund</b>	
<i>State and Federal Grants</i>	<u>77,498</u>
<b>Totals</b>	<u>\$ 259,948</u>

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**Note 8 - Fixed Assets**

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

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<i>Equipment</i>	\$ 215,137
<i>Less accumulated depreciation</i>	<u>(164,342)</u>
<i>Net fixed assets</i>	<u>\$ 50,795</u>

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

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

<i>Asset Category</i>	<i>Balance at 7/1/2001</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance at 6/30/2002</i>
<i>Land and land improvements</i>	\$ 1,683,883	\$ -	\$ -	\$ 1,683,883
<i>Buildings</i>	9,976,120	-	-	9,976,120
<i>Furniture, fixtures and equipment</i>	5,063,745	970,897	(156,707)	5,877,935
<i>Vehicles</i>	2,556,604	172,041	-	2,728,645
<i>Construction in process</i>	3,240,638	20,564,882	-	23,805,520
<i>Totals</i>	\$ 22,520,990	\$ 21,707,820	\$ (156,707)	\$ 44,072,103

**Note 9 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Indiana Insurance Company for property and general liability insurance. There is a \$1,000 deductible with a 100% blanket, all risk policy. Indiana Insurance Company covers the boiler and machinery with a \$1,000 deductible and a \$30,000,000 limit.

Professional liability is protected by Coregis Insurance Company with a \$2,000,000 single occurrence limit and \$5,000,000 aggregate with no deductible. Vehicles are also covered by Coregis Insurance Company and hold a \$250 deductible for comprehensive and \$500 collision. Automobile liability has a \$1,000,000 combined single limit of liability.

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

**B. Workers' Compensation**

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

**Note 10 - Other Employee Benefits**

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***A. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators, who are not on a 12 month contract, do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus 90. Upon retirement, payment is made for one-third of the total sick leave accumulation, up to a maximum of 141 days.

***B. Retirement Incentive Bonus***

Effective October 19, 1998, the School District Board of Education approved a Retirement Incentive Bonus Program. Participation is open to certified employees who have completed a minimum of 10 years of service, qualified for retirement under STRS and submitted a letter of resignation by February 15<sup>th</sup> of the school year of retirement. Retirement incentive bonus payments will be paid in equal installments of \$15,000 per retiree on January 1, 2003. The liability for the Retirement Incentive Bonus at June 30, 2002 was \$45,000.

***C. Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through UNUM Life Insurance Company in the amount of \$30,000 for all noncertified employees and \$35,000 for certified employees, and to the nearest \$1,000 based on each administrator's salary not to exceed \$50,000.

The School District provides employee medical/surgical benefits through Stark County Schools Council of Government shared risk pool. Rates are set through an annual calculation process. The School District pays a monthly contribution to a common fund from which claim payments are made for all participating school districts. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental and vision insurance are also provided by the School District to all employees through the Stark County Schools Council of Government. Upon termination, all District claims would be paid without regard to the School District's account balance.

**Note 11 - Defined Benefit Pension Plans**

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

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9% 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% 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 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$293,571, \$196,895 and \$214,657, respectively; 45% has been contributed for fiscal year 2002 and 100% for fiscal years 2001 and 2000. \$175,525 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term obligations account group.

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

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute an actuarially determined rate of 14% of annual covered payroll, which includes 9.5% for pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,338,899, \$1,257,534, and \$733,609, respectively; 84% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$216,922 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

***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, 2002, no members of the Board of Education have elected social security.

**Note 12 - Post-employment Benefits**

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The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio) 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 Part B 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 Ohio benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the STRS Ohio Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of health care costs in the form of monthly premiums. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year ended June 30, 2002, the STRS Ohio Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$634,216 for fiscal year 2002.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000. There were 105,300 eligible benefit recipients.

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

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with 10 or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54% of covered payroll, a decrease of 1.26% from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, 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 2002 fiscal year equaled \$520,644.

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, the Retirement System's net assets available for payment of health care benefits were \$335.2 million. SERS Ohio had approximately 50,000 participants currently receiving health care benefits.

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**Note 13 - Capital Lease**

The School District entered into a new capital lease during fiscal year 2002 for the acquisition of copiers. The terms of the agreement provide options to purchase the equipment. The lease meets 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 all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group at \$354,606 equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

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

<u>Fiscal year</u>	<u>Payments</u>
2003	\$ 59,844
2004	59,844
2005	59,844
2006	59,844
2007	59,844
2008	59,844
2009	9,975
<i>Total minimum lease payments</i>	369,039
<i>Less: amount representing interest</i>	(50,624)
<i>Total</i>	<u>\$ 318,415</u>

**Note 14 - Long-term Obligations**

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

	<u>Balance Outstanding 7/1/2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Outstanding 6/30/2002</u>
<i>Pension obligations</i>	\$ 288,109	\$ 284,932	\$ (288,109)	\$ 284,932
<i>Retirement incentive bonus</i>	150,000	-	(105,000)	45,000
<i>Compensated absences</i>	2,192,126	229,723	-	2,421,849
<i>Capital leases payable</i>	-	354,606	(36,191)	318,415
<i>School improvement bonds</i>				
<i>Series 2001 4.35% - 5.45%</i>	38,500,000	-	-	38,500,000
<i>Total general long-term obligations</i>	<u>\$ 41,130,235</u>	<u>\$ 869,261</u>	<u>\$ (429,300)</u>	<u>\$ 41,570,196</u>

Compensated absences, the pension obligation, and the retirement incentive bonus will be paid from the fund from which the employee is paid.

On December 6, 2000, the School District issued \$38,500,000 in bonded debt to finance several construction and improvement projects. The principal payments begin in fiscal year 2003. Principal and interest requirements to retire the school improvement bonds at June 30, 2002 are as follows:



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

<i>Fiscal Year</i>				
<i>Ending June 30</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2003	\$ 775,000	\$ 1,818,503	\$ 2,593,503	
2004	1,075,000	1,777,996	2,852,996	
2005	1,200,000	1,727,646	2,927,646	
2006	1,290,000	1,671,921	2,961,921	
2007	1,350,000	1,612,184	2,962,184	
2008-2012	6,849,420	8,004,185	14,853,605	
2013-2017	5,490,543	9,399,607	14,890,150	
2018-2022	10,515,000	4,192,679	14,707,679	
2023-2025	9,955,037	1,066,429	11,021,466	
<i>Total</i>	<u>\$ 38,500,000</u>	<u>\$ 31,271,150</u>	<u>\$ 69,771,150</u>	

**Note 15 - Segment Information for Enterprise Funds**

The School District maintains three enterprise funds to account for the operations of food service, adult education and bookstore sales. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

	<i>Food</i>	<i>Adult</i>	<i>Bookstore</i>	
	<i>Service</i>	<i>Education</i>	<i>Sales</i>	<i>Totals</i>
<i>Operating revenues</i>	\$ 832,289	\$ 6,306	\$ 15,101	\$ 853,696
<i>Depreciation expense</i>	7,829	-	-	7,829
<i>Operating income (loss)</i>	(201,401)	3,603	2,237	(195,561)
<i>Donated commodities</i>	45,062	-	-	45,062
<i>Operating grants</i>	138,248	-	-	138,248
<i>Net income (loss)</i>	(10,998)	3,603	2,237	(5,158)
<i>Operating transfers-in</i>	1,262	-	-	1,262
<i>Fixed asset additions</i>	3,083	-	-	3,083
<i>Net working capital</i>	(5,960)	7,101	8,903	10,044
<i>Total assets</i>	135,504	8,219	8,959	152,682
<i>Compensated absences payable</i>	28,560	-	-	28,560
<i>Total equity</i>	16,275	7,101	8,903	32,279
<i>Encumbrances outstanding</i>				
<i>at June 30, 2002</i>	3,500	-	60	3,560

**Note 16 - Interfund Transactions**

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Interfund balances at June 30, 2002, consist of the following interfund receivables and payables:

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	<i>Interfund Receivable</i>	<i>Interfund Payable</i>	
<b>General Fund</b>	\$ 12,318	\$ 89,848	
<b>Special Revenue Funds:</b>			
<i>Other Local Grants</i>	-	10,419	
<i>Title VI</i>	-	1,717	
<i>Drug Free School</i>	-	182	
<b>Debt Service Fund</b>	89,848	-	
<i>Total</i>	\$ 102,166	\$ 102,166	

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**Note 17 - Jointly Governed Organizations**

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**A. Cuyahoga Valley  
Career Center**

The Career Center District is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Board of Education is comprised of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. Nordonia Hills City School District students may attend the career center. Each school district's control is limited to its representation on the board. During fiscal year 2002, no monies were paid by Nordonia Hills City School District to the Cuyahoga Valley Career Center.

**B. Northeast Ohio  
Network for Educational  
Technology (NEONET)**

The Northeast Ohio Network for Educational Technology (NEONET) is a jointly governed organization among seventeen school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercises total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in either of these organizations.

### **Note 18 - Insurance Rating Pool**

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

### **Note 19 - Shared Risk Pool**

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***Health Benefits Program  
of the Stark County  
Schools Council of  
Government***

The School District is a member of the Health Benefits Program of the Stark County Schools Council of Government (COG). The COG is governed by a regional council known as the Stark County School Council comprised of superintendent representatives of member districts. The purpose of the COG is to promote cooperative employees and eligible dependents of participating members. The Board of Directors of the Council oversees and manages the operations of the health benefits program.

### **Note 20 - State School Funding Decision**

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On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**Note 21 - Set-Aside Requirements**

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

Although no longer required by state statute, a budget stabilization reserve may still be set aside at the discretion of the School District. The budget stabilization reserve consists of the amounts received from the Bureau of Workers' Compensation (BWC) in the form of refunds and additional amounts reserved by the Board as previously required by law. The amount received from the BWC amounted to \$269,950, and the remaining \$52,345 was due to Board action. The amount from Board action is shown as a designated fund balance on the combined balance sheet.

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	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
<i>Set-aside reserve balance as of June 30, 2001</i>	\$ (900,935)	\$ -	\$ 322,295
<i>Current year set-aside requirement</i>	501,198	501,198	-
<i>Qualifying Disbursements</i>	<u>(611,084)</u>	<u>(21,850,474)</u>	<u>-</u>
<i>Totals</i>	<u>\$ (1,010,821)</u>	<u>\$ (21,349,276)</u>	<u>\$ 322,295</u>
<i>Set-aside balance carried forward to future fiscal years</i>	<u>\$ (1,010,821)</u>		<u>\$ 322,295</u>
<i>Restricted cash balance</i>			<u>\$ 322,295</u>

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**Note 22 - Contingencies**

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***A. Grants***

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

***B. Litigation***

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

**Note 23 - Contracts Payable and Commitments**

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During the current fiscal year, the District had construction in process. As a result, the District had contracts payable and contractual commitments outstanding related to the renovations and improvements of all the District buildings at June 30, 2002. The construction is paid from the Building Improvement capital projects fund. Contracts payable and construction commitments at June 30, 2002 were \$2,846,853 and \$13,719,591, respectively.

**Note 24 - Noncompliance**

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During the last five years, approximately \$50,000 was misappropriated by a former staff member from the Food Service enterprise fund. The School District is in the process of recovering these funds.

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*Combining, Individual Fund and  
Account Group  
Financial Statements and Schedules*

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## *GENERAL FUND*

The General Fund is used to account for resources traditionally associated with a School District, which are not required legally or by sound financial management to be accounted for in another fund. These activities include, but are not limited to, general instruction, pupil services, operation and maintenance of facilities, student transportation, and administration.

**Nordonia Hills City School District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 18,547,775	\$ 18,547,775	\$ -
Intergovernmental	7,405,076	7,405,076	-
Interest	223,112	223,112	-
Tuition and fees	309,245	309,245	-
Rentals	19,780	19,780	-
Extracurricular activities	37,932	37,932	-
Contributions and donations	60,700	60,700	-
Miscellaneous	97,940	97,940	-
Total revenues	<u>26,701,560</u>	<u>26,701,560</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	9,222,777	9,222,777	-
Fringe benefits	2,334,443	2,334,443	-
Purchased services	81,985	81,985	-
Materials and supplies	476,240	476,240	-
Capital outlay - new	357,752	357,752	-
Capital outlay - replacement	50,707	50,707	-
Total regular	<u>12,523,904</u>	<u>12,523,904</u>	<u>-</u>
Special:			
Salaries and wages	1,791,394	1,791,394	-
Fringe benefits	442,304	442,304	-
Purchased services	329,118	329,118	-
Materials and supplies	19,335	19,335	-
Capital outlay - new	19,202	19,202	-
Capital outlay - replacement	2,488	2,488	-
Other	17,586	17,586	-
Total special	<u>2,621,427</u>	<u>2,621,427</u>	<u>-</u>
Vocational:			
Salaries and wages	261,465	261,465	-
Fringe benefits	59,231	59,231	-
Purchased services	562	562	-
Materials and supplies	166	166	-
Capital outlay - replacement	8,454	8,454	-
Total vocational	<u>329,878</u>	<u>329,878</u>	<u>-</u>
Other:			
Purchased services	223,351	223,351	-
Materials and supplies	1,839	1,839	-
Total other	<u>225,190</u>	<u>225,190</u>	<u>-</u>
Total instruction	<u>15,700,399</u>	<u>15,700,399</u>	<u>-</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Support services:			
Pupils:			
Salaries and wages	1,661,021	1,661,021	-
Fringe benefits	396,404	396,404	-
Purchased services	201,269	201,269	-
Materials and supplies	28,006	28,006	-
Capital outlay - replacement	11,505	11,505	-
Other	866	866	-
Total pupils	<u>2,299,071</u>	<u>2,299,071</u>	<u>-</u>
Instructional staff:			
Salaries and wages	646,922	646,922	-
Fringe benefits	151,923	151,923	-
Purchased services	160,441	160,441	-
Materials and supplies	128,347	128,347	-
Capital outlay - new	5,326	5,326	-
Capital outlay - replacement	3,855	3,855	-
Other	6,426	6,426	-
Total instructional staff	<u>1,103,240</u>	<u>1,103,240</u>	<u>-</u>
Board of education:			
Salaries and wages	12,160	12,160	-
Fringe benefits	1,874	1,874	-
Purchased services	3,784	3,784	-
Materials and supplies	36,372	36,372	-
Capital outlay - new	27,850	27,850	-
Other	86,281	86,281	-
Total board of education	<u>168,321</u>	<u>168,321</u>	<u>-</u>
Administration:			
Salaries and wages	1,465,835	1,465,835	-
Fringe benefits	373,756	373,756	-
Purchased services	280,452	280,452	-
Materials and supplies	40,969	40,969	-
Capital outlay - new	12,641	12,641	-
Capital outlay - replacement	4,750	4,750	-
Other	3,944	3,944	-
Total administration	<u>2,182,347</u>	<u>2,182,347</u>	<u>-</u>
Fiscal:			
Salaries and wages	245,520	245,520	-
Fringe benefits	68,257	68,257	-
Purchased services	86,697	86,697	-
Materials and supplies	11,436	11,436	-
Capital outlay - new	7,546	7,546	-
Capital outlay - replacement	910	910	-
Other	351,899	351,899	-
Total fiscal	<u>772,265</u>	<u>772,265</u>	<u>-</u>

(Continued)

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Business:			
Salaries and wages	184,400	184,400	-
Fringe benefits	48,844	48,844	-
Purchased services	152,234	152,234	-
Materials and supplies	10,571	10,571	-
Capital outlay - new	592	592	-
Capital outlay - replacement	1,956	1,956	-
Other	2,072	2,072	-
Total business	<u>400,669</u>	<u>400,669</u>	-
Operation and maintenance of plant:			
Salaries and wages	1,275,914	1,275,914	-
Fringe benefits	365,276	365,276	-
Purchased services	1,213,496	1,213,496	-
Materials and supplies	241,643	241,643	-
Capital outlay - new	4,356	4,356	-
Capital outlay - replacement	4,233	4,233	-
Other	1,880	1,880	-
Total operation and maintenance of plant	<u>3,106,798</u>	<u>3,106,798</u>	-
Pupil transportation:			
Salaries and wages	1,081,957	1,081,957	-
Fringe benefits	309,089	309,089	-
Purchased services	176,824	176,824	-
Materials and supplies	246,109	246,109	-
Capital outlay - new	200	200	-
Capital outlay - replacement	55,834	55,834	-
Total pupil transportation	<u>1,870,013</u>	<u>1,870,013</u>	-
Central:			
Purchased services	124,091	124,091	-
Materials and supplies	5,567	5,567	-
Capital outlay - replacement	1,445	1,445	-
Total central	<u>131,103</u>	<u>131,103</u>	-
Total support services	<u>12,033,827</u>	<u>12,033,827</u>	-
Extracurricular activities:			
Academic and subject oriented activities:			
Salaries and wages	122,811	122,811	-
Fringe benefits	19,423	19,423	-
Purchased services	42,714	42,714	-
Other	1,477	1,477	-
Total academic and subject oriented activities	<u>186,425</u>	<u>186,425</u>	-

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Sports oriented activities:			
Salaries and wages	385,268	385,268	-
Fringe benefits	58,564	58,564	-
Purchased services	20,503	20,503	-
Materials and supplies	4,940	4,940	-
Capital outlay - replacement	5,910	5,910	-
Total sports oriented activities	475,185	475,185	-
Total extracurricular activities	661,610	661,610	-
Capital outlay:			
Facilities acquisition and construction services:			
Site acquisition services:			
Capital outlay - new	58,395	58,395	-
Total expenditures	28,454,231	28,454,231	-
Excess of revenues under expenditures	(1,752,671)	(1,752,671)	-
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	11,781	11,781	-
Refund of prior year receipts	(210)	(210)	-
Advances in	401,114	401,114	-
Advances out	(211,620)	(211,620)	-
Operating transfers in	6,191	6,191	-
Operating transfers out	(31,353)	(31,353)	-
Total other financing sources (uses)	175,903	175,903	-
Excess of revenues and other financing sources under expenditures and other financing uses	(1,576,768)	(1,576,768)	-
Fund balance at beginning of year	6,136,385	6,136,385	-
Prior year encumbrances appropriated	840,087	840,087	-
Fund balance at end of year	\$ 5,399,704	\$ 5,399,704	\$ -

## *SPECIAL REVENUE FUNDS*

The special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes. The title of each special revenue fund is descriptive of the activities accounted for therein. The special revenue funds are:

*Scholarship:* To account for specific local revenue sources generated by individuals and organizations to provide scholarships to selected School District graduates.

*Public School Support:* To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

*Other Local Grants:* To account for the proceeds of specific revenue sources except for State and Federal grants that are legally restricted.

*Athletics and Music:* To account for the student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes athletic programs as well as band, cheerleaders, drama clubs, and other similar types of activities.

*Auxiliary Services:* To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the School District as provided by State law.

*Teacher Development:* To account for state revenues used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

*Management Information Systems:* To account for state funds provided to assist the School District in implementing a staff, student, and financial reporting system as mandated by the Omnibus Education Reform Act of 1989.

*SchoolNet Development:* To account for a limited number of professional development subsidy grants.

Data Communications: To account for money used for connection to the Ohio Educational Computer Network.

Ohio Reads Grant: To account for monies received from the State for operation of the Ohio Reads Program.

Summer Intervention: To account for monies received from the State for summer intervention services.

Miscellaneous State Grants: To account for various monies received from State agencies which are not classified elsewhere.

Title II / Eisenhower: To account for Federal funds issued for use in the training of teachers in new techniques and methodologies in the areas of mathematics and science.

Title VI-B: To account for Federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialists in providing educational services to the handicapped.

Title I: To account for Federal funds for services provided to meet special educational needs of educationally deprived children.

Title VI: To account for Federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

Drug Free School: To account for Federal funds for the establishment, operation and improvement programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

Preschool Handicapped: To address the improvement and expansion of services for handicapped children aged three through five years of age.

Miscellaneous Federal Grant: To account for various monies received through State agencies from the Federal government or directly from the Federal government that are not classified elsewhere.

***Nordonia Hills City School District***  
**Combining Balance Sheet**  
**All Special Revenue Funds**  
**June 30, 2002**

	Scholarship	Public School Support	Other Local Grants	Athletics and Music
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 65,304	\$ 72,474	\$ 17,984	\$ 62,065
Cash and cash equivalents:				
In segregated accounts	-	-	-	1,874
Receivables:				
Accounts	1,500	345	-	121
Intergovernmental	-	-	-	-
Total assets	<u>\$ 66,804</u>	<u>\$ 72,819</u>	<u>\$ 17,984</u>	<u>\$ 64,060</u>
<u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 30,312	\$ 4,858	\$ 2,521	\$ 12,484
Contracts payable	-	-	-	-
Accrued wages and benefits	-	-	-	500
Interfund payable	-	-	10,419	-
Intergovernmental payable	-	-	-	33
Deferred revenue	-	-	-	-
Total liabilities	<u>30,312</u>	<u>4,858</u>	<u>12,940</u>	<u>13,017</u>
<u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	-	4,243	3,236	4,941
Unreserved, undesignated	36,492	63,718	1,808	46,102
Total fund equity	<u>36,492</u>	<u>67,961</u>	<u>5,044</u>	<u>51,043</u>
Total liabilities and fund equity	<u>\$ 66,804</u>	<u>\$ 72,819</u>	<u>\$ 17,984</u>	<u>\$ 64,060</u>



Auxiliary Services	Teacher Development	Management Information Systems	Data Communication	SchoolNet Development	Ohio Reads Grant
\$ 74,529	\$ -	\$ -	\$ 21,000	\$ 8,571	\$ 12,132
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	34,000
<u>\$ 74,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 8,571</u>	<u>\$ 46,132</u>
\$ 19,529	\$ -	\$ -	\$ -	\$ -	\$ 4,263
25,294	-	-	-	-	-
-	339	-	-	-	-
-	-	-	-	-	-
10,258	5	210	-	-	30
-	-	-	-	-	34,000
<u>55,081</u>	<u>344</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>38,293</u>
11,839	-	-	-	-	7,870
<u>7,609</u>	<u>(344)</u>	<u>(210)</u>	<u>21,000</u>	<u>8,571</u>	<u>(31)</u>
<u>19,448</u>	<u>(344)</u>	<u>(210)</u>	<u>21,000</u>	<u>8,571</u>	<u>7,839</u>
<u>\$ 74,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 8,571</u>	<u>\$ 46,132</u>

(Continued)

***Nordonia Hills City School District***  
**Combining Balance Sheet**  
**All Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2002**

	Miscellaneous State Grants	Title II/ Eisenhower	Title VI-B	Title I
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 917	\$ 5,159	\$ 114,774	\$ 22,554
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 917</u>	<u>\$ 5,159</u>	<u>\$ 114,774</u>	<u>\$ 22,554</u>
 <u>Liabilities and fund equity :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 34	\$ -	\$ -	\$ 96
Contracts payable	-	-	-	-
Accrued wages and benefits	-	-	17,779	9,631
Interfund payable	-	-	-	-
Intergovernmental payable	-	113	4,249	380
Deferred revenue	-	-	-	-
Total liabilities	<u>34</u>	<u>113</u>	<u>22,028</u>	<u>10,107</u>
 <u>Fund equity:</u>				
Fund balance:				
Reserved for encumbrances	646	-	-	-
Unreserved, undesignated	237	5,046	92,746	12,447
Total fund equity	<u>883</u>	<u>5,046</u>	<u>92,746</u>	<u>12,447</u>
Total liabilities and fund equity	<u>\$ 917</u>	<u>\$ 5,159</u>	<u>\$ 114,774</u>	<u>\$ 22,554</u>

<u>Title VI</u>	<u>Drug Free School</u>	<u>Preschool Handicapped</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 3,980	\$ 2,755	\$ 17,961	\$ 16,967	\$ 519,126
-	-	-	-	1,874
-	-	-	-	1,966
-	-	-	43,498	77,498
<u>\$ 3,980</u>	<u>\$ 2,755</u>	<u>\$ 17,961</u>	<u>\$ 60,465</u>	<u>\$ 600,464</u>

\$ 3,369	\$ -	\$ -	\$ 300	\$ 77,766
-	-	-	-	25,294
-	2,167	-	4,786	35,202
1,717	182	-	-	12,318
108	143	-	356	15,885
-	-	-	-	34,000
<u>5,194</u>	<u>2,492</u>	<u>-</u>	<u>5,442</u>	<u>200,465</u>

598	-	17,960	5,496	56,829
<u>(1,812)</u>	<u>263</u>	<u>1</u>	<u>49,527</u>	<u>343,170</u>
<u>(1,214)</u>	<u>263</u>	<u>17,961</u>	<u>55,023</u>	<u>399,999</u>
<u>\$ 3,980</u>	<u>\$ 2,755</u>	<u>\$ 17,961</u>	<u>\$ 60,465</u>	<u>\$ 600,464</u>

***Nordonia Hills City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2002**

	Scholarship	Public School Support	Other Local Grants	Athletics and Music
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	908	-	-	-
Extracurricular activities	-	109,375	-	185,678
Gifts and donations	24,500	1,795	729	-
Miscellaneous	5,144	6,553	3,098	-
Total revenues	<u>30,552</u>	<u>117,723</u>	<u>3,827</u>	<u>185,678</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	9,389	-
Special	-	-	-	-
Support services:				
Pupils	-	15	-	-
Instructional staff	-	390	-	-
Administration	-	-	-	-
Fiscal	-	-	-	-
Central	-	-	188	-
Operation of non-instructional services	49,262	-	-	-
Extracurricular activities	-	104,187	240	205,905
Total expenditures	<u>49,262</u>	<u>104,592</u>	<u>9,817</u>	<u>205,905</u>
Excess of revenues over (under) expenditures	<u>(18,710)</u>	<u>13,131</u>	<u>(5,990)</u>	<u>(20,227)</u>
<u>Other financing sources:</u>				
Operating transfers in	-	-	1,340	22,560
Excess of revenues and other financing sources over (under) expenditures	(18,710)	13,131	(4,650)	2,333
Fund balances (deficits) at beginning of year	55,202	54,830	9,694	48,710
Fund balances (deficits) at end of year	<u>\$ 36,492</u>	<u>\$ 67,961</u>	<u>\$ 5,044</u>	<u>\$ 51,043</u>

<u>Auxiliary Services</u>	<u>Teacher Development</u>	<u>Management Information Systems</u>	<u>Data Communication</u>	<u>SchoolNet Development</u>	<u>Ohio Reads Grant</u>
\$ 364,029	\$ -	\$ 17,274	\$ 21,000	\$ 7,592	\$ 34,000
4,313	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>368,342</u>	<u>-</u>	<u>17,274</u>	<u>21,000</u>	<u>7,592</u>	<u>34,000</u>
-	-	-	-	-	38,042
-	-	-	-	-	-
-	-	210	-	-	-
-	14,595	-	-	-	25
-	-	17,161	-	-	1,013
1,184	-	-	-	-	-
-	-	-	-	-	352
369,209	-	-	-	-	-
-	-	-	-	-	-
<u>370,393</u>	<u>14,595</u>	<u>17,371</u>	<u>-</u>	<u>-</u>	<u>39,432</u>
<u>(2,051)</u>	<u>(14,595)</u>	<u>(97)</u>	<u>21,000</u>	<u>7,592</u>	<u>(5,432)</u>
-	-	-	-	-	-
(2,051)	(14,595)	(97)	21,000	7,592	(5,432)
21,499	14,251	(113)	-	979	13,271
<u>\$ 19,448</u>	<u>\$ (344)</u>	<u>\$ (210)</u>	<u>\$ 21,000</u>	<u>\$ 8,571</u>	<u>\$ 7,839</u>

(Continued)

***Nordonia Hills City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2002**

	Miscellaneous State Grants	Title II/ Eisenhower	Title VI-B	Title I
<u>Revenues:</u>				
Intergovernmental	\$ 28,671	\$ 11,623	\$ 322,608	\$ 66,275
Interest	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>28,671</u>	<u>11,623</u>	<u>322,608</u>	<u>66,275</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	-	-	-
Special	-	-	82,218	47,559
Support services:				
Pupils	24,839	-	107,607	-
Instructional staff	-	15,865	54,197	3,799
Administration	3,444	-	-	-
Fiscal	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services	-	-	-	4,886
Extracurricular activities	-	-	-	-
Total expenditures	<u>28,283</u>	<u>15,865</u>	<u>244,022</u>	<u>56,244</u>
Excess of revenues over (under) expenditures	<u>388</u>	<u>(4,242)</u>	<u>78,586</u>	<u>10,031</u>
<u>Other financing sources:</u>				
Operating transfers in	-	-	-	-
Excess of revenues and other financing sources over (under) expenditures	388	(4,242)	78,586	10,031
Fund balances (deficits) at beginning of year	495	9,288	14,160	2,416
Fund balances (deficits) at end of year	<u>\$ 883</u>	<u>\$ 5,046</u>	<u>\$ 92,746</u>	<u>\$ 12,447</u>

<u>Title VI</u>	<u>Drug Free School</u>	<u>Preschool Handicapped</u>	<u>Miscellaneous Federal Grants</u>	<u>Total All Funds</u>
\$ 22,233	\$ 14,142	\$ 21,224	\$ 190,950	\$ 1,121,621
-	-	-	-	5,221
-	-	-	-	295,053
-	-	-	-	27,024
-	-	-	-	14,795
<u>22,233</u>	<u>14,142</u>	<u>21,224</u>	<u>190,950</u>	<u>1,463,714</u>
-	-	-	49,484	96,915
-	-	-	3,860	133,637
-	13,541	11,361	-	157,573
20,880	-	-	101,149	210,900
-	-	-	-	21,618
-	-	-	-	1,184
-	-	-	-	540
3,369	-	-	-	426,726
-	-	-	-	310,332
<u>24,249</u>	<u>13,541</u>	<u>11,361</u>	<u>154,493</u>	<u>1,359,425</u>
<u>(2,016)</u>	<u>601</u>	<u>9,863</u>	<u>36,457</u>	<u>104,289</u>
-	-	-	-	23,900
(2,016)	601	9,863	36,457	128,189
802	(338)	8,098	18,566	271,810
<u>\$ (1,214)</u>	<u>\$ 263</u>	<u>\$ 17,961</u>	<u>\$ 55,023</u>	<u>\$ 399,999</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Scholarship Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 908	\$ 908	\$ -
Contributions and donations	19,150	19,150	-
Miscellaneous	7,898	7,898	-
Total revenues	<u>27,956</u>	<u>27,956</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Operation of non-instructional services:			
Community services:			
Other	18,950	18,950	-
Excess of revenues over expenditures	9,006	9,006	-
Fund balance at beginning of year	52,448	52,448	-
Fund balance at end of year	<u>\$ 61,454</u>	<u>\$ 61,454</u>	<u>\$ -</u>



***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Public School Support Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular activities	\$ 109,030	\$ 109,030	\$ -
Contributions and donations	1,795	1,795	-
Miscellaneous	6,718	6,718	-
Total revenues	<u>117,543</u>	<u>117,543</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Other	<u>15</u>	<u>15</u>	<u>-</u>
Instructional staff:			
Other	<u>390</u>	<u>390</u>	<u>-</u>
Total support services	<u>405</u>	<u>405</u>	<u>-</u>
Extracurricular activities:			
Academic and subject oriented activities:			
Other	<u>91,257</u>	<u>91,257</u>	<u>-</u>
School and public service co-curricular activities:			
Other	<u>20,961</u>	<u>20,961</u>	<u>-</u>
Total extracurricular activities	<u>112,218</u>	<u>112,218</u>	<u>-</u>
Total expenditures	<u>112,623</u>	<u>112,623</u>	<u>-</u>
Excess of revenues over expenditures	4,920	4,920	-
Fund balance at beginning of year	53,640	53,640	-
Prior year encumbrances appropriated	<u>5,123</u>	<u>5,123</u>	<u>-</u>
Fund balance at end of year	<u>\$ 63,683</u>	<u>\$ 63,683</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Other Local Grants Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Contributions and donations	\$ 729	\$ 729	\$ -
Miscellaneous	3,098	3,098	-
Total revenues	<u>3,827</u>	<u>3,827</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Purchased services	995	995	-
Materials and supplies	6,209	6,209	-
Other	6,019	6,019	-
Total regular	<u>13,223</u>	<u>13,223</u>	<u>-</u>
Support services:			
Central:			
Materials and supplies	304	304	-
Extracurricular activities:			
Academic and subject oriented activities:			
Other	240	240	-
Total expenditures	<u>13,767</u>	<u>13,767</u>	<u>-</u>
Excess of revenues under expenditures	<u>(9,940)</u>	<u>(9,940)</u>	<u>-</u>
<u>Other financing sources (uses):</u>			
Operating transfers in	3,363	3,363	-
Operating transfers out	(2,023)	(2,023)	-
Total other financing sources (uses)	<u>1,340</u>	<u>1,340</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(8,600)	(8,600)	-
Fund balance at beginning of year	19,783	19,783	-
Prior year encumbrances appropriated	1,043	1,043	-
Fund balance at end of year	<u>\$ 12,226</u>	<u>\$ 12,226</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Athletics and Music Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Extracurricular activities	\$ 187,275	\$ 187,275	\$ -
<u>Expenditures:</u>			
Current:			
Extracurricular activities:			
Academic and subject oriented activities:			
Other	10,977	10,977	-
Sports oriented activities:			
Salaries and wages	5,508	5,508	-
Purchased services	83,307	83,307	-
Capital outlay - new	2,283	2,283	-
Other	108,739	108,739	-
Total sports oriented activities	199,837	199,837	-
Total expenditures	210,814	210,814	-
Excess of revenues under expenditures	(23,539)	(23,539)	-
<u>Other financing sources (uses):</u>			
Operating transfers in	26,076	26,076	-
Operating transfers out	(3,516)	(3,516)	-
Total other financing sources (uses)	22,560	22,560	-
Excess of revenues and other financing sources under expenditures and other financing uses	(979)	(979)	-
Fund balance at beginning of year	44,946	44,946	-
Prior year encumbrances appropriated	6,380	6,380	-
Fund balance at end of year	\$ 50,347	\$ 50,347	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Auxiliary Services Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 364,029	\$ 364,029	\$ -
Interest	4,313	4,313	-
Total revenues	<u>368,342</u>	<u>368,342</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Fiscal:			
Salaries and wages	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Operation of non-instructional services:			
Community services:			
Purchased services	277,130	277,130	-
Materials and supplies	93,566	93,566	-
Other	10,250	10,250	-
Total operation of non-instructional services	<u>380,946</u>	<u>380,946</u>	<u>-</u>
Total expenditures	<u>382,146</u>	<u>382,146</u>	<u>-</u>
Excess of revenues under expenditures	<u>(13,804)</u>	<u>(13,804)</u>	<u>-</u>
<u>Other financing sources (uses):</u>			
Advances in	35,896	35,896	-
Advances out	(36,138)	(36,138)	-
Total other financing sources (uses)	<u>(242)</u>	<u>(242)</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(14,046)	(14,046)	-
Fund balance at beginning of year	-	-	-
Prior year encumbrances appropriated	32,317	32,317	-
Fund balance at end of year	<u>\$ 18,271</u>	<u>\$ 18,271</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Teacher Development Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	3,436	3,436	-
Purchased services	55	55	-
Total expenditures	3,491	3,491	-
Excess of revenues under expenditures	(3,491)	(3,491)	-
<u>Other financing uses:</u>			
Refund of prior year receipts	(11,116)	(11,116)	-
Excess of revenues under expenditures and other financing uses	(14,607)	(14,607)	-
Fund balance at beginning of year	14,607	14,607	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Management Information Systems Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 17,274	\$ 17,274	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Administration:			
Salaries and wages	17,274	17,274	-
Excess of revenues over (under) expenditures	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Data Communications Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 21,000	\$ 21,000	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over expenditures	21,000	21,000	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - SchoolNet Development Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 4,142	\$ 4,142	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Excess of revenues over expenditures	4,142	4,142	-
Fund balance at beginning of year	978	978	-
Fund balance at end of year	<u>\$ 5,120</u>	<u>\$ 5,120</u>	<u>\$ -</u>



***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Ohio Reads Grant Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 34,000	\$ 34,000	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	1,799	1,799	-
Purchased services	8,401	8,401	-
Materials and supplies	45,642	45,642	-
Total regular	<u>55,842</u>	<u>55,842</u>	<u>-</u>
Support services:			
Instructional staff:			
Purchased services	1,562	1,562	-
Administration:			
Salaries and wages	1,000	1,000	-
Central:			
Materials and supplies	351	351	-
Total support services	<u>2,913</u>	<u>2,913</u>	<u>-</u>
Total expenditures	<u>58,755</u>	<u>58,755</u>	<u>-</u>
Excess of revenues under expenditures	(24,755)	(24,755)	-
Fund balance at beginning of year	2,462	2,462	-
Prior year encumbrances appropriated	22,293	22,293	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Miscellaneous State Grants Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 28,671	\$ 28,671	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Purchased services	24,637	24,637	-
Materials and supplies	617	617	-
Total pupils	<u>25,254</u>	<u>25,254</u>	<u>-</u>
Administration:			
Purchased services	3,911	3,911	-
Total expenditures	<u>29,165</u>	<u>29,165</u>	<u>-</u>
Excess of revenues under expenditures	(494)	(494)	-
Fund balance at beginning of year	450	450	-
Prior year encumbrances appropriated	282	282	-
Fund balance at end of year	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Title II/Eisenhower Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 11,623	\$ 11,623	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	9,288	9,288	-
Purchased services	6,464	6,464	-
Total expenditures	15,752	15,752	-
Excess of revenues under expenditures	(4,129)	(4,129)	-
Fund balance at beginning of year	9,288	9,288	-
Fund balance at end of year	\$ 5,159	\$ 5,159	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Title VI-B Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 322,608	\$ 322,608	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Purchased services	88,728	88,728	-
Support services:			
Pupils:			
Salaries and wages	74,644	74,644	-
Fringe benefits	40,805	40,805	-
Total pupils	115,449	115,449	-
Instructional staff:			
Salaries and wages	46,656	46,656	-
Fringe benefits	6,666	6,666	-
Total instructional staff	53,322	53,322	-
Total support services	168,771	168,771	-
Total expenditures	257,499	257,499	-
Excess of revenues over expenditures	65,109	65,109	-
<u>Other financing sources (uses):</u>			
Advances in	100,741	100,741	-
Advances out	(100,741)	(100,741)	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	65,109	65,109	-
Fund balance at beginning of year	49,665	49,665	-
Fund balance at end of year	\$ 114,774	\$ 114,774	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Title I Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 66,275	\$ 66,275	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Special:			
Salaries and wages	35,882	35,882	-
Fringe benefits	13,134	13,134	-
Total special	49,016	49,016	-
Support services:			
Instructional staff:			
Salaries and wages	3,255	3,255	-
Fringe benefits	674	674	-
Total instructional staff	3,929	3,929	-
Operation of non-instructional services:			
Community services:			
Salaries and wages	3,682	3,682	-
Fringe benefits	694	694	-
Purchased services	195	195	-
Materials and supplies	395	395	-
Total operation of non-instructional services	4,966	4,966	-
Total expenditures	57,911	57,911	-
Excess of revenues over expenditures	8,364	8,364	-
<u>Other financing sources (uses):</u>			
Advances in	40,943	40,943	-
Advances out	(40,943)	(40,943)	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	8,364	8,364	-
Fund balance at beginning of year	14,191	14,191	-
Fund balance at end of year	\$ 22,555	\$ 22,555	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Title VI Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 22,233	\$ 22,233	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff:			
Salaries and wages	8,886	8,886	-
Purchased services	14,531	14,531	-
Total instructional staff	<u>23,417</u>	<u>23,417</u>	<u>-</u>
Operation of non-instructional services:			
Community services:			
Materials and supplies	3,967	3,967	-
Total expenditures	<u>27,384</u>	<u>27,384</u>	<u>-</u>
Excess of revenues under expenditures	<u>(5,151)</u>	<u>(5,151)</u>	<u>-</u>
<u>Other financing sources (uses):</u>			
Advances in	16,804	16,804	-
Advances out	(16,804)	(16,804)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(5,151)	(5,151)	-
Fund balance at beginning of year	1,201	1,201	-
Prior year encumbrances appropriated	3,962	3,962	-
Fund balance at end of year	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Drug Free School Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 14,142	\$ 14,142	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Salaries and wages	11,387	11,387	-
Excess of revenues over expenditures	2,755	2,755	-
<u>Other financing sources (uses):</u>			
Advances in	7,192	7,192	-
Advances out	(7,192)	(7,192)	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	2,755	2,755	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ 2,755	\$ 2,755	\$ -

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Preschool Handicapped Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 21,224	\$ 21,224	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Pupils:			
Purchased services	31,221	31,221	-
Excess of revenues under expenditures	(9,997)	(9,997)	-
Fund balance at beginning of year	9,997	9,997	-
Fund balance at end of year	\$ -	\$ -	\$ -



***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Miscellaneous Federal Grants Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 159,451	\$ 159,451	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Salaries and wages	34,589	34,589	-
Capital outlay - new	17,802	17,802	-
Total regular	52,391	52,391	-
Special:			
Capital outlay - new	3,860	3,860	-
Total instruction	56,251	56,251	-
Support services:			
Instructional staff:			
Salaries and wages	13,834	13,834	-
Purchased services	78,616	78,616	-
Materials and supplies	19,594	19,594	-
Total instructional staff	112,044	112,044	-
Total expenditures	168,295	168,295	-
Excess of revenues under expenditures	(8,844)	(8,844)	-
<u>Other financing sources (uses):</u>			
Refund of prior year expenditures	210	210	-
Advances in	10,044	10,044	-
Advances out	(10,044)	(10,044)	-
Total other financing sources (uses)	210	210	-
Excess of revenues and other financing sources under expenditures and other financing uses	(8,634)	(8,634)	-
Fund balance at beginning of year	4,219	4,219	-
Prior year encumbrances appropriated	15,586	15,586	-
Fund balance at end of year	\$ 11,171	\$ 11,171	\$ -

## *DEBT SERVICE FUND*

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable, as required by Ohio Law.

Since there is only one Debt Service Fund and the level of budgetary control is not greater than that presented in the Combined Financial Statements, no additional financial statements are presented here.

## *CAPITAL PROJECTS FUNDS*

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The capital projects funds are:

*Permanent Improvement:* To account for all transactions related to the acquiring, constructing, or improving of permanent improvements.

*Building Improvement:* To account for school improvement bond proceeds to be used for the acquisition, construction, or improvement of capital facilities.

***Nordonia Hills City School District***  
**Combining Balance Sheet**  
**All Capital Projects Funds**  
**June 30, 2002**

	<u>Permanent Improvement</u>	<u>Building Improvement</u>	<u>Total All Funds</u>
<u>Assets and other debits:</u>			
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 671,563	\$ 11,854,229	\$ 12,525,792
Cash and cash equivalents:			
In segregated accounts	-	6,291,413	6,291,413
With fiscal agents	-	479,984	479,984
Receivables:			
Taxes	637,938	-	637,938
Accounts	15,068	-	15,068
Accrued interest	-	28,244	28,244
Total assets	<u>\$ 1,324,569</u>	<u>\$ 18,653,870</u>	<u>\$ 19,978,439</u>
<u>Liabilities and fund equity :</u>			
<u>Liabilities:</u>			
Accounts payable	\$ 172,647	\$ 69,840	\$ 242,487
Contracts payable	35,003	2,846,853	2,881,856
Retainage payable	-	479,984	479,984
Deferred revenue	618,898	-	618,898
Total liabilities	<u>826,548</u>	<u>3,396,677</u>	<u>4,223,225</u>
<u>Fund equity:</u>			
Fund balance:			
Reserved for encumbrances	298,274	11,480,377	11,778,651
Reserved for property taxes	19,040	-	19,040
Unreserved, undesignated	180,707	3,776,816	3,957,523
Total fund equity	<u>498,021</u>	<u>15,257,193</u>	<u>15,755,214</u>
Total liabilities and fund equity	<u>\$ 1,324,569</u>	<u>\$ 18,653,870</u>	<u>\$ 19,978,439</u>

***Nordonia Hills City School District***  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2002**

	<u>Permanent Improvement</u>	<u>Building Improvement</u>	<u>Total All Funds</u>
<u>Revenues:</u>			
Taxes	\$ 583,946	\$ -	\$ 583,946
Intergovernmental	60,353	-	60,353
Interest	-	1,263,173	1,263,173
Rent	105	-	105
Miscellaneous	17,843	2,405	20,248
Total revenues	<u>662,247</u>	<u>1,265,578</u>	<u>1,927,825</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,388	-	11,388
Support services:			
Fiscal	9,184	2,500	11,684
Business	11,334	182,877	194,211
Operation and maintenance of plant	-	28,030	28,030
Capital outlay	<u>1,012,034</u>	<u>20,786,178</u>	<u>21,798,212</u>
Total expenditures	<u>1,043,940</u>	<u>20,999,585</u>	<u>22,043,525</u>
Excess of revenues under expenditures	(381,693)	(19,734,007)	(20,115,700)
Fund balances at beginning of year	<u>879,714</u>	<u>34,991,200</u>	<u>35,870,914</u>
Fund balances at end of year	<u>\$ 498,021</u>	<u>\$ 15,257,193</u>	<u>\$ 15,755,214</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Permanent Improvement Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 586,140	\$ 586,140	\$ -
Intergovernmental	60,353	60,353	-
Miscellaneous	2,880	2,880	-
Total revenues	<u>649,373</u>	<u>649,373</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular:			
Capital outlay - new	11,388	11,388	-
Support services:			
Fiscal:			
Other	9,184	9,184	-
Business:			
Purchased services	33,757	33,757	-
Total support services	<u>42,941</u>	<u>42,941</u>	<u>-</u>
Capital outlay:			
Site improvement services:			
Capital outlay - replacement	1,313,399	1,313,399	-
Total expenditures	<u>1,367,728</u>	<u>1,367,728</u>	<u>-</u>
Excess of revenues under expenditures	(718,355)	(718,355)	-
Fund balance at beginning of year	814,474	814,474	-
Prior year encumbrances appropriated	83,702	83,702	-
Fund balance at end of year	<u>\$ 179,821</u>	<u>\$ 179,821</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - Building Improvement Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Interest	\$ 1,212,336	\$ 1,212,336	\$ -
Miscellaneous	2,405	2,405	-
Total revenues	<u>1,214,741</u>	<u>1,214,741</u>	<u>-</u>
<u>Expenditures:</u>			
Current:			
Support services:			
Business:			
Purchased services	16,610	16,610	-
Capital outlay - new	180,983	180,983	-
Total business	<u>197,593</u>	<u>197,593</u>	<u>-</u>
Operation and maintenance of plant:			
Purchased services	29,330	29,330	-
Total support services	<u>226,923</u>	<u>226,923</u>	<u>-</u>
Capital outlay:			
Architecture and engineering services:			
Purchased services	3,598,257	3,598,257	-
Building acquisition and construction services:			
Capital outlay - new	30,510,078	30,510,078	-
Total capital outlay	<u>34,108,335</u>	<u>34,108,335</u>	<u>-</u>
Total expenditures	<u>34,335,258</u>	<u>34,335,258</u>	<u>-</u>
Excess of revenues under expenditures	<u>(33,120,517)</u>	<u>(33,120,517)</u>	<u>-</u>
Fund balance at beginning of year	23,426,771	23,426,771	-
Prior year encumbrances appropriated	13,510,289	13,510,289	-
Fund balance at end of year	<u>\$ 3,816,543</u>	<u>\$ 3,816,543</u>	<u>\$ -</u>

## *ENTERPRISE FUNDS*

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private sector business where the intent is that the expense (including depreciation) of providing goods or services primarily or solely to the general public be financed or recovered primarily through user charges. The following are descriptions of each of the School District's enterprise funds:

*Food Service:* To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the School District students and staff.

*Adult Education:* To account for all revenues and expenses related to the provision of credit and non-credit classes to the general public.

*High School Bookstore Sales:* To account for the purchase and sale of books and school supplies as adopted by the Board of Education for resale to students of the High School.

***Nordonia Hills City School District***  
**Combining Balance Sheet**  
**All Enterprise Funds**  
**June 30, 2002**

	Food Services	Adult Education	High School Bookstore Sales	Total All Funds
<u>Assets:</u>				
<u>Current assets:</u>				
Equity in pooled cash and cash equivalents	\$ 71,589	\$ 8,219	\$ 8,959	\$ 88,767
Inventory held for resale	9,094	-	-	9,094
Materials and supplies inventory	4,026	-	-	4,026
Total current assets	<u>84,709</u>	<u>8,219</u>	<u>8,959</u>	<u>101,887</u>
<u>Non-current assets:</u>				
Fixed assets, net of accumulated depreciation	50,795	-	-	50,795
Total non-current assets	<u>50,795</u>	<u>-</u>	<u>-</u>	<u>50,795</u>
Total assets	<u>\$ 135,504</u>	<u>\$ 8,219</u>	<u>\$ 8,959</u>	<u>\$ 152,682</u>
 <u>Liabilities and fund equity :</u>				
<u>Current liabilities:</u>				
Accounts payable	\$ 961	\$ -	\$ 56	\$ 1,017
Accrued wages	39,739	1,089	-	40,828
Intergovernmental payable	46,705	29	-	46,734
Deferred revenue	3,264	-	-	3,264
Total current liabilities	<u>90,669</u>	<u>1,118</u>	<u>56</u>	<u>91,843</u>
<u>Long-term liabilities</u>				
Compensated absences payable	28,560	-	-	28,560
Total liabilities	<u>119,229</u>	<u>1,118</u>	<u>56</u>	<u>120,403</u>
<u>Fund equity:</u>				
Contributed capital	1,195	-	-	1,195
Retained earnings:				
Unreserved	15,080	7,101	8,903	31,084
Total fund equity (deficit)	<u>16,275</u>	<u>7,101</u>	<u>8,903</u>	<u>32,279</u>
Total liabilities and fund equity	<u>\$ 135,504</u>	<u>\$ 8,219</u>	<u>\$ 8,959</u>	<u>\$ 152,682</u>



***Nordonia Hills City School District***  
**Combining Statement of Revenues,**  
**Expenses and Changes in Retained Earnings**  
**All Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2002**

	Food Services	Adult Education	High School Bookstore Sales	Total All Funds
<u>Operating revenues:</u>				
Tuition	\$ -	\$ 2,114	\$ -	\$ 2,114
Sales	832,289	-	15,101	847,390
Other operating revenues	-	4,192	-	4,192
Total operating revenues	<u>832,289</u>	<u>6,306</u>	<u>15,101</u>	<u>853,696</u>
<u>Operating expenses:</u>				
Salaries	373,938	1,190	-	375,128
Fringe benefits	118,830	34	-	118,864
Purchased services	13,705	1,479	-	15,184
Material and supplies	55,298	-	12,864	68,162
Cost of sales	460,052	-	-	460,052
Depreciation	7,829	-	-	7,829
Other operating expense	4,038	-	-	4,038
Total operating expenses	<u>1,033,690</u>	<u>2,703</u>	<u>12,864</u>	<u>1,049,257</u>
Operating income (loss)	<u>(201,401)</u>	<u>3,603</u>	<u>2,237</u>	<u>(195,561)</u>
<u>Non-operating revenues:</u>				
Federal donated commodities	45,062	-	-	45,062
Operating grants	138,248	-	-	138,248
Interest	5,831	-	-	5,831
Total non-operating revenues	<u>189,141</u>	<u>-</u>	<u>-</u>	<u>189,141</u>
Income (loss) before operating transfers	<u>(12,260)</u>	<u>3,603</u>	<u>2,237</u>	<u>(6,420)</u>
Operating transfers in	<u>1,262</u>	<u>-</u>	<u>-</u>	<u>1,262</u>
Net income (loss)	<u>(10,998)</u>	<u>3,603</u>	<u>2,237</u>	<u>(5,158)</u>
Retained earnings at beginning of year	<u>26,078</u>	<u>3,498</u>	<u>6,666</u>	<u>36,242</u>
Retained earnings at end of year	<u>\$ 15,080</u>	<u>\$ 7,101</u>	<u>\$ 8,903</u>	<u>\$ 31,084</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget and Actual - Food Service Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 832,289	\$ 832,289	\$ -
Interest	5,831	5,831	-
Intergovernmental	154,948	154,948	-
Total revenues	<u>993,068</u>	<u>993,068</u>	<u>-</u>
<u>Expenses:</u>			
Salaries:			
Food service operations	<u>368,167</u>	<u>368,167</u>	<u>-</u>
Fringe benefits:			
Food service operations	<u>100,732</u>	<u>100,732</u>	<u>-</u>
Purchased services:			
Food service operations	<u>12,744</u>	<u>12,744</u>	<u>-</u>
Materials and supplies:			
Food service operations	<u>480,295</u>	<u>480,295</u>	<u>-</u>
Other:			
Food service operations	<u>4,038</u>	<u>4,038</u>	<u>-</u>
Total expenses	<u>965,976</u>	<u>965,976</u>	<u>-</u>
Excess of revenues over expenses	<u>27,092</u>	<u>27,092</u>	<u>-</u>
Operating transfers in	<u>1,262</u>	<u>1,262</u>	<u>-</u>
Excess of revenues and operating transfers over expenses and operating transfers	28,354	28,354	-
Fund equity at beginning of year	18,322	18,322	-
Prior year encumbrances appropriated	21,412	21,412	-
Fund equity at end of year	<u>\$ 68,088</u>	<u>\$ 68,088</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget and Actual - Adult Education Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$ 2,114	\$ 2,114	\$ -
Other revenues	4,172	4,172	-
Total revenues	<u>6,286</u>	<u>6,286</u>	<u>-</u>
<u>Expenses:</u>			
Salaries:			
Extracurricular	<u>1,592</u>	<u>1,592</u>	<u>-</u>
Fringe benefits:			
Adult/continuing instruction	<u>5</u>	<u>5</u>	<u>-</u>
Purchased services:			
Adult/continuing instruction	<u>1,479</u>	<u>1,479</u>	<u>-</u>
Total expenses	<u>3,076</u>	<u>3,076</u>	<u>-</u>
Excess of revenues over expenses	3,210	3,210	-
Fund equity at beginning of year	<u>4,989</u>	<u>4,989</u>	<u>-</u>
Fund equity at end of year	<u>\$ 8,199</u>	<u>\$ 8,199</u>	<u>\$ -</u>

***Nordonia Hills City School District***  
**Schedule of Revenues, Expenses and Changes in Fund Equity -**  
**Budget and Actual - High School Bookstore Sales Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 15,101	\$ 15,101	\$ -
<u>Expenses:</u>			
Materials and supplies:			
Regular instruction	12,868	12,868	-
Excess of revenues over expenses	2,233	2,233	-
Fund equity at beginning of year	6,666	6,666	-
Fund equity at end of year	\$ 8,899	\$ 8,899	\$ -

**Nordonia Hills City School District**  
**Combining Statement of Cash Flows**  
**All Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2002**

	Food Service	Adult Education	High School Bookstore Sales	Total All Funds
<u>Cash flows from operating activities:</u>				
Cash received from customers	\$ 832,289	\$ -	\$ 15,101	\$ 847,390
Cash received from tuition payments	-	2,114	-	2,114
Cash received from other operating sources	-	4,192	-	4,192
Cash payments to suppliers for goods and services	(486,456)	(1,479)	(12,808)	(500,743)
Cash payments to employees for services	(368,167)	(1,592)	-	(369,759)
Cash payments for employee benefits	(100,732)	(5)	-	(100,737)
Cash payments for other operating expenses	(4,038)	-	-	(4,038)
Net cash provided by (used for) operating activities	<u>(127,104)</u>	<u>3,230</u>	<u>2,293</u>	<u>(121,581)</u>
<u>Cash flows from noncapital financing activities:</u>				
Operating grants	154,948	-	-	154,948
Transfer in	1,262	-	-	1,262
Net cash provided by noncapital financing activities	<u>156,210</u>	<u>-</u>	<u>-</u>	<u>156,210</u>
<u>Cash flows from capital financing activities:</u>				
Acquisition of capital assets	(3,083)	-	-	(3,083)
Net cash used for capital financing activities	<u>(3,083)</u>	<u>-</u>	<u>-</u>	<u>(3,083)</u>
<u>Cash flows from investing activities:</u>				
Interest on investments	5,831	-	-	5,831
Net cash provided by investing financing	<u>5,831</u>	<u>-</u>	<u>-</u>	<u>5,831</u>
Net increase in cash and cash equivalents	31,854	3,230	2,293	37,377
Cash and cash equivalents at beginning of year	39,735	4,989	6,666	51,390
Cash and cash equivalents at end of year	<u>\$ 71,589</u>	<u>\$ 8,219</u>	<u>\$ 8,959</u>	<u>\$ 88,767</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>				
Operating income (loss)	\$ (201,401)	\$ 3,603	\$ 2,237	\$ (195,561)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,829	-	-	7,829
Federal donated commodities	45,062	-	-	45,062
Change in assets and liabilities:				
(Increase) decrease in assets:				
Inventory	4,819	-	-	4,819
Increase (decrease) in liabilities:				
Accounts payable	(7,604)	-	56	(7,548)
Accrued wages	4,812	(386)	-	4,426
Compensated absences payable	959	-	-	959
Intergovernmental payable	18,098	13	-	18,111
Deferred revenue	322	-	-	322
Total adjustments	<u>74,297</u>	<u>(373)</u>	<u>56</u>	<u>73,980</u>
Net cash provided by (used for) operating activities	<u>\$ (127,104)</u>	<u>\$ 3,230</u>	<u>\$ 2,293</u>	<u>\$ (121,581)</u>

## *AGENCY FUND*

Agency funds are used to account for assets held by the School District as an agent for individuals, private organizations, and other governments and/or other funds.

*Student Managed Activity:* To account for those student activity programs which have student participation in the activity and have students involved in the management of the program.

***Nordonia Hills City School District***  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended June 30, 2002**

	Beginning Balance July 1, 2001	Additions	Deductions	Ending Balance June 30, 2002
<u>Student Managed Activity</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 83,957	\$ -	\$ 4,293	\$ 79,664
Accounts receivable	520	500	520	500
Total assets	<u>\$ 84,477</u>	<u>\$ 500</u>	<u>\$ 4,813</u>	<u>\$ 80,164</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,782	\$ 925	\$ 2,782	\$ 925
Intergovernmental	-	29	-	29
Due to students	81,695	500	2,985	79,210
Total liabilities	<u>\$ 84,477</u>	<u>\$ 1,454</u>	<u>\$ 5,767</u>	<u>\$ 80,164</u>

## *GENERAL FIXED ASSETS ACCOUNT GROUP*

The General Fixed Asset Account Group is a balanced group of accounts used to establish control and accountability for the costs of all real property and movable equipment owned by the School Board. The investment in General Fixed Assets is carried until the disposition of the property and ownership is relinquished. Depreciation on general fixed assets is not recorded.



***Nordonia Hills City School District***  
**Schedule of General Fixed Assets by Source**  
**As of June 30, 2002**

General Fixed Assets:

Land and Land Improvements	\$ 1,683,883
Buildings	9,976,120
Furniture, Fixtures and Equipment	5,877,935
Vehicles	2,728,645
Construction in Progress	<u>23,805,520</u>
Total General Fixed Assets	<u>\$ 44,072,103</u>

Investment in General Fixed Assets

by Source:

General Fund	\$ 7,769,169
Capital Project Fund	<u>36,302,934</u>
Total General Fixed Assets	<u>\$ 44,072,103</u>

***Nordonia Hills City School District***  
**Schedule of General Fixed Assets by Function and Activity**  
**As of June 30, 2002**

Function	Land and Land Improvements	Buildings	Furniture, Fixtures, and Equipment	Vehicles	Construction in Progress	Total
Instruction:						
Regular	\$ -	\$ -	\$ 3,994,612	\$ -	\$ -	\$ 3,994,612
Special	-	-	33,864	-	-	33,864
Vocational	-	-	5,591	-	-	5,591
Support services:						
Pupils	-	-	27,107	-	-	27,107
Instructional staff	-	-	33,706	-	-	33,706
Board of education	-	-	24,643	-	-	24,643
Administration	-	-	74,227	-	-	74,227
Fiscal	-	-	29,005	-	-	29,005
Business	-	-	629,524	-	-	629,524
Operation of maintenance of plant	-	-	185,533	-	-	185,533
Pupil transportation	-	-	13,161	-	-	13,161
Central	-	-	629	-	-	629
Operation of non-instructional services	-	-	4,613	-	-	4,613
Extracurricular activities	-	-	63,582	-	-	63,582
Capital outlay	<u>1,683,883</u>	<u>9,976,120</u>	<u>758,138</u>	<u>2,728,645</u>	<u>23,805,520</u>	<u>38,952,306</u>
Total General Fixed Assets	<u>\$ 1,683,883</u>	<u>\$ 9,976,120</u>	<u>\$ 5,877,935</u>	<u>\$ 2,728,645</u>	<u>\$ 23,805,520</u>	<u>\$ 44,072,103</u>

***Nordonia Hills City School District***  
**Schedule of Changes in General Fixed Assets by Function**  
**For the Fiscal Year Ended June 30, 2002**

Function	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Instruction:				
Regular	\$ 3,942,940	\$ 203,327	\$ 151,655	\$ 3,994,612
Special	12,241	21,623	-	33,864
Vocational	-	5,591	-	5,591
Support services:				
Pupils	24,692	3,540	1,125	27,107
Instructional staff	26,970	6,736	-	33,706
Board of education	945	23,698	-	24,643
Administration	70,079	7,486	3,338	74,227
Fiscal	22,891	6,114	-	29,005
Business	274,918	354,606	-	629,524
Operation of maintenance of plant	182,578	2,955	-	185,533
Pupil transportation	13,161	-	-	13,161
Central	-	629	-	629
Operation of non-instructional services	-	4,613	-	4,613
Extracurricular activities	62,682	900	-	63,582
Capital outlay	17,886,893	21,066,002	589	38,952,306
Total General Fixed Assets	<u>\$ 22,520,990</u>	<u>\$ 21,707,820</u>	<u>\$ 156,707</u>	<u>\$ 44,072,103</u>

NORDONIA HILLS  
CITY SCHOOL DISTRICT



## **Statistical Section**



NORDONIA HILLS  
CITY SCHOOL DISTRICT



***Nordonia Hills City School District***

**General Governmental Revenues by Source and Expenditures by Function**

**Last Ten Fiscal Years**

	2002	2001	2000	1999
<u>Revenues:</u>				
Taxes	\$ 21,456,059	\$ 19,947,274	\$ 18,216,046	\$ 17,779,112
Intergovernmental	8,791,583	8,167,074	7,822,492	7,994,596
Interest	1,506,686	3,213,967	572,709	426,259
Tuition and fees	412,507	334,621	259,134	193,086
Extracurricular activities	332,985	305,795	293,557	466,251
Contributions and donations	87,724	119,019	131,444	78,787
Rentals	25,170	23,530	23,698	20,018
Miscellaneous	148,353	95,187	101,801	131,900
Total revenues	<u>\$ 32,761,067</u>	<u>\$ 32,206,467</u>	<u>\$ 27,420,881</u>	<u>\$ 27,090,009</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	\$ 12,744,602	\$ 12,590,915	\$ 12,430,124	\$ 11,228,438
Special	2,723,152	2,306,957	2,170,228	1,942,350
Vocational	303,509	354,334	331,757	313,983
Adult/continuing	-	-	-	-
Other	161,878	160,436	-	-
Support services:				
Pupils	2,483,440	2,307,621	2,103,605	1,963,749
Instructional staff	1,279,561	1,148,580	1,134,844	757,796
Board of education	161,157	132,341	113,050	119,605
Administration	2,209,166	2,235,003	1,963,874	1,802,060
Fiscal	791,733	718,609	661,481	628,847
Business	595,524	406,300	368,380	264,855
Operation and maintenance of plant	3,265,468	2,947,448	2,566,156	2,462,910
Pupil transportation	1,811,744	1,727,556	1,773,231	1,327,326
Central	90,675	42,301	27,166	26,512
Operation of non-instructional services	426,726	396,396	311,930	301,580
Extracurricular activities	963,889	870,047	844,553	740,776
Capital outlay	21,840,614	6,050,057	337,918	291,407
Debt service				
Principal retirement	36,191	38,500,000	404	23,928
Interest and fiscal charges	1,849,038	1,807,938	139	1,447
Total expenditures	<u>\$ 53,738,067</u>	<u>\$ 74,702,839</u>	<u>\$ 27,138,840</u>	<u>\$ 24,197,569</u>

Source: School District financial records.

Note: General Governmental includes all governmental fund types.



	1998	1997	1996	1995	1994	1993
\$	17,005,369	\$ 15,354,959	\$ 13,565,269	\$ 13,100,439	\$ 11,668,215	\$ 10,259,523
	7,281,193	6,752,893	6,711,098	6,088,429	5,924,686	5,568,512
	400,241	212,951	292,390	273,127	121,317	139,208
	406,117	229,625	172,861	91,052	48,960	74,613
	239,257	219,883	225,542	196,200	176,836	91,978
	101,831	93,472	32,710	50,005	55,872	-
	20,441	5,821	6,342	17,105	29,156	30,107
	189,595	164,486	44,324	28,240	12,132	133,409
	<u>\$ 25,644,044</u>	<u>\$ 23,034,090</u>	<u>\$ 21,050,536</u>	<u>\$ 19,844,597</u>	<u>\$ 18,037,174</u>	<u>\$ 16,297,350</u>
\$	10,688,701	\$ 10,234,691	\$ 9,985,104	\$ 9,118,484	\$ 8,281,961	\$ 8,157,481
	1,822,878	1,777,526	1,690,787	1,312,112	1,262,708	1,158,257
	301,529	265,105	250,654	251,244	242,340	246,695
	-	-	-	38,579	-	-
	-	-	-	-	-	-
	1,780,347	1,623,064	1,577,412	1,378,649	1,325,128	1,152,092
	714,039	616,575	566,258	432,121	538,020	542,593
	107,750	127,662	126,434	111,512	94,124	103,582
	1,944,860	1,696,578	1,629,227	1,562,143	1,403,695	1,287,799
	586,684	583,489	515,337	478,142	485,842	435,682
	307,346	253,093	286,024	255,290	236,112	231,159
	2,521,715	2,568,601	2,421,665	2,134,289	2,272,162	2,210,728
	1,148,630	1,404,430	1,069,103	1,065,008	1,005,190	992,316
	26,180	25,882	26,465	30,834	8,409	1,066
	235,312	245,858	224,532	15,817	15,650	11,248
	707,776	676,186	589,976	545,859	496,641	445,323
	558,021	896,806	267,098	690,991	403,936	260,217
	57,238	138,565	28,550	28,152	262,710	158,604
	15,105	37,542	21,829	28,495	28,329	24,089
	<u>\$ 23,524,111</u>	<u>\$ 23,171,653</u>	<u>\$ 21,276,455</u>	<u>\$ 19,477,721</u>	<u>\$ 18,362,957</u>	<u>\$ 17,418,931</u>

***Nordonia Hills City School District***  
**Property Tax Levies and Collections Real, Public Utility Tax and Tangible Personal Property (1)**  
**Last Ten Calendar Years**

Year (2)	Current Levy	Delinquent Levy (3)	Total Levy	Current Collections	Percent of Current Levy Collected	Delinquent Collection	Total Collection	Total Collection as a Percent of	
								Total Levy	Delinquent Taxes Receivable
2001	\$ 23,625,769	\$ 2,354,482	\$ 25,980,251	\$ 22,621,181	95.75 %	\$ 826,593	\$ 23,447,774	90.25 %	\$ 2,532,477
2000	20,220,976	955,275	21,176,251	19,479,378	96.33	558,633	20,038,011	94.62	1,138,240
1999	19,617,346	997,090	20,614,436	19,002,322	96.86	766,738	19,769,060	95.90	845,376
1998	18,908,812	886,807	19,795,619	18,359,417	97.09	593,978	18,953,395	95.75	842,224
1997	18,084,246	867,137	18,951,383	17,688,834	97.81	483,720	18,172,554	95.89	778,829
1996	15,987,265	1,132,391	17,119,656	15,633,462	97.79	564,904	16,198,366	94.62	921,290
1995	14,618,315	1,230,780	15,849,095	14,216,897	97.25	482,551	14,699,448	92.75	1,149,647
1994	14,013,906	1,389,051	15,402,957	13,609,993	97.12	500,028	14,110,021	91.61	1,292,936
1993	11,165,809	1,957,593	13,123,402	10,721,402	96.02	432,039	11,153,441	84.99	1,969,961
1992	11,092,475	2,089,253	13,181,728	10,616,423	95.71	500,181	11,116,604	84.33	2,065,124

Source: Summit County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Summit County Fiscal Officer.

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.

(2) Represents collection year. 2002 information cannot be presented because all collections have not been made by June 30.

(3) This amount cannot be calculated based on other information in this statistical table because of retroactive additions and reductions which are brought on in one lump sum.

**Nordonia Hills City School District**  
**Assessed Valuation and Estimated Actual Value of Taxable Property**  
**Last Ten Collection Years**

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2002	\$ 676,923,010	\$ 1,934,065,743	\$ 29,824,630	\$ 33,891,625	\$ 60,057,185	\$ 240,228,740	\$ 766,804,825	\$ 2,208,186,108
2001	637,061,940	1,820,176,971	35,666,200	40,529,773	59,055,468	236,221,872	731,783,608	2,096,928,616
2000	602,368,310	1,721,052,314	38,581,210	43,842,284	62,654,058	250,616,232	703,603,578	2,015,510,830
1999	529,700,520	1,513,430,057	38,414,560	43,652,909	62,654,058	250,616,232	630,769,138	1,807,699,198
1998	494,613,330	1,413,180,943	38,384,610	43,618,875	63,572,331	254,289,324	596,570,271	1,711,089,142
1997	465,900,050	1,331,143,000	38,584,360	43,845,864	60,547,761	242,191,044	565,032,171	1,617,179,909
1996	364,387,130	1,041,106,086	39,484,300	44,868,523	44,013,800	176,055,200	447,885,230	1,262,029,808
1995	345,079,510	985,941,457	33,058,480	37,566,455	34,830,816	139,323,264	412,968,806	1,162,831,176
1994	329,003,600	940,010,286	31,944,390	36,300,443	30,655,828	122,623,312	391,603,818	1,098,934,041
1993	291,685,460	833,387,029	31,794,980	36,130,659	29,762,779	119,051,116	353,243,219	988,568,804

Source: Summit County Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Summit County Fiscal Officer.

- (1) Real estate value is assessed at 35% of actual value.
- (2) Public utility personal is assessed at 88% of actual value.
- (3) Tangible personal property is assessed at 25% of actual value.

***Nordonia Hills City School District***  
**Property Tax Rates - Direct and Overlapping Governments (1)**  
**Last Ten Calendar Years**

Collection Year		School Levy	County Levy	City/Village Township	Cuyahoga Valley Career Center	North Hills Water District	Akron/Summit Library	Total
2002	Boston Heights Village	57.59	13.07	7.35	2.00	-	1.35	81.36
	Macedonia City	57.59	13.07	8.70	2.00	-	1.35	82.71
	Northfield Center Township	57.59	13.07	13.15	2.00	0.40	1.35	87.56
	Northfield Village	57.59	13.07	5.98	2.00	-	1.35	79.99
	Sagamore Hills Township	57.59	13.07	13.93	2.00	-	1.35	87.94
	Boston Heights Village	57.59	13.07	7.35	2.00	0.40	1.35	81.76
	Sagamore Hills Township	57.59	13.07	13.93	2.00	0.40	1.35	88.34
	Twinsburg Township	57.59	12.22	13.61	2.00	-	1.35	86.77
	Northfield Center Township	57.59	13.07	13.15	2.00	-	1.35	87.16
	Northfield Village	57.59	13.07	5.98	2.00	0.40	1.35	80.39
Macedonia City	57.59	13.07	8.70	2.00	0.40	1.35	83.11	
2001	Boston Heights Village	57.94	13.07	7.35	2.00	-	1.39	81.75
	Macedonia City	57.94	13.07	8.70	2.00	-	1.39	83.10
	Northfield Center Township	57.94	13.07	13.15	2.00	0.40	1.39	87.95
	Northfield Village	57.94	13.07	5.98	2.00	-	1.39	80.38
	Sagamore Hills Township	57.94	13.07	13.93	2.00	-	1.39	88.33
	Boston Heights Village	57.94	13.07	7.35	2.00	0.40	1.39	82.15
	Sagamore Hills Township	57.94	13.07	13.93	2.00	0.40	1.39	88.73
	Twinsburg Township	57.94	12.22	13.61	2.00	-	1.39	87.16
	Northfield Center Township	57.94	13.07	13.15	2.00	-	1.39	87.55
	Northfield Village	57.94	13.07	5.98	2.00	0.40	1.39	80.78
Macedonia City	57.94	13.07	8.70	2.00	0.40	1.39	83.50	
2000	Boston Heights Village	54.29	12.27	7.35	2.00	-	1.39	77.30
	Macedonia City	54.29	12.27	8.70	2.00	-	1.39	78.65
	Northfield Center Township	54.29	12.27	13.64	2.00	0.40	1.39	83.99
	Northfield Village	54.29	12.27	5.98	2.00	-	1.39	75.93
	Sagamore Hills Township	54.29	12.27	13.93	2.00	-	1.39	83.88
	Boston Heights Village	54.29	12.27	7.35	2.00	0.40	1.39	77.70
	Sagamore Hills Township	54.29	12.27	13.93	2.00	0.40	1.39	84.28
	Twinsburg Township	54.29	11.42	13.61	2.00	-	1.39	82.71
	Northfield Center Township	54.29	12.27	13.64	2.00	-	1.39	83.59
	Northfield Village	54.29	12.27	5.98	2.00	0.40	1.39	76.33
Macedonia City	54.29	12.27	8.70	2.00	0.40	1.39	79.05	
1999	Boston Heights Village	54.29	12.27	8.10	2.00	-	1.79	78.45
	Macedonia City	54.29	12.27	8.70	2.00	-	1.79	79.05
	Northfield Center Township	54.29	12.27	13.64	2.00	0.40	1.79	84.39
	Northfield Village	54.29	12.27	5.98	2.00	-	1.79	76.33
	Sagamore Hills Township	54.29	12.27	16.18	2.00	-	1.79	86.53
	Boston Heights Village	54.29	12.27	8.10	2.00	0.40	1.79	78.85
	Sagamore Hills Township	54.29	12.27	16.18	2.00	0.40	1.79	86.93
	Twinsburg Township	54.29	11.42	13.61	2.00	-	1.79	83.11
	Northfield Center Township	54.29	12.27	13.64	2.00	-	1.79	83.99
	Northfield Village	54.29	12.27	5.98	2.00	0.40	1.79	76.73
Macedonia City	54.29	12.27	8.70	2.00	0.40	1.79	79.45	
1998	Boston Heights Village	54.29	11.65	8.10	2.00	-	1.87	77.91
	Macedonia City	54.29	11.65	8.70	2.00	-	1.87	78.51
	Northfield Center Township	54.29	11.65	13.64	2.00	1.40	1.87	84.85
	Northfield Village	54.29	11.65	5.98	2.00	-	1.87	75.79
	Sagamore Hills Township	54.29	11.65	15.18	2.00	-	1.87	84.99
	Boston Heights Village	54.29	11.65	8.10	2.00	1.40	1.87	79.31
	Sagamore Hills Township	54.29	11.65	15.18	2.00	1.40	1.87	86.39
	Twinsburg Township	54.29	10.80	13.61	2.00	-	1.87	82.57
	Northfield Center Township	54.29	11.65	13.64	2.00	-	1.87	83.45
Northfield Village	54.29	11.65	5.98	2.00	1.40	1.87	77.19	

***Nordonia Hills City School District***  
**Property Tax Rates - Direct and Overlapping Governments (1)**  
**Last Ten Calendar Years**

Collection Year		School Levy	County Levy	City/Village Township	Cuyahoga Valley Career Center	North Hills Water District	Akron/Summit Library	Total
1997	Boston Heights Village	54.29	11.39	8.10	2.00	-	0.89	76.67
	Macedonia City	54.29	11.39	8.70	2.00	-	0.89	77.27
	Northfield Center Township	54.29	11.39	13.64	2.00	3.75	0.89	85.96
	Northfield Village	54.29	11.39	4.98	2.00	-	0.89	73.55
	Sagamore Hills Township	54.29	11.39	15.18	2.00	-	0.89	83.75
	Boston Heights Village	54.29	11.39	8.10	2.00	3.75	0.89	80.42
	Sagamore Hills Township	54.29	11.39	15.18	2.00	3.75	0.89	87.50
	Twinsburg Township	54.29	10.54	13.61	2.00	-	0.89	81.33
	Northfield Center Township	54.29	11.39	13.64	2.00	-	0.89	82.21
Northfield Village	54.29	11.39	4.98	2.00	3.75	0.89	77.30	
1996	Boston Heights Village	54.29	13.99	8.10	2.00	-	0.89	79.27
	Macedonia City	54.29	13.99	9.10	2.00	-	0.89	80.27
	Northfield Center Township	54.29	13.99	13.64	2.00	3.75	0.89	88.56
	Northfield Village	54.29	13.99	4.98	2.00	-	0.89	76.15
	Sagamore Hills Township	54.29	13.99	15.18	2.00	-	0.89	86.35
	Boston Heights Village	54.29	13.99	8.10	2.00	3.75	0.89	83.02
	Sagamore Hills Township	54.29	13.99	15.18	2.00	3.75	0.89	90.10
	Twinsburg Township	54.29	13.14	13.61	2.00	-	0.89	83.93
	Northfield Center Township	54.29	13.99	13.64	2.00	-	0.89	84.81
Northfield Village	54.29	13.99	4.98	2.00	3.75	0.89	79.90	
1995	Boston Heights Village	54.29	14.16	8.10	2.00	-	0.89	79.44
	Macedonia City	54.29	14.16	9.10	2.00	-	0.89	80.44
	Northfield Center Township	54.29	14.16	13.64	2.00	3.75	0.89	88.73
	Northfield Village	54.29	14.16	4.98	2.00	-	0.89	76.32
	Sagamore Hills Township	54.29	14.16	15.18	2.00	-	0.89	86.52
	Boston Heights Village	54.29	14.16	8.10	2.00	3.75	0.89	83.19
	Sagamore Hills Township	54.29	14.16	15.18	2.00	3.75	0.89	90.27
	Twinsburg Township	54.29	13.31	13.61	2.00	-	0.89	84.10
	Northfield Center Township	54.29	14.16	13.64	2.00	-	0.89	84.98
Northfield Village	54.29	14.16	4.98	2.00	3.75	0.89	80.07	
1994	Boston Heights Village	54.29	12.31	5.60	2.00	-	0.89	75.09
	Macedonia City	54.29	12.31	9.30	2.00	-	0.89	78.79
	Northfield Center Township	54.29	12.31	12.14	2.00	3.75	0.89	85.38
	Northfield Village	54.29	12.31	4.98	2.00	-	0.89	74.47
	Sagamore Hills Township	54.29	12.31	15.18	2.00	-	0.89	84.67
	Sagamore Hills Township	54.29	12.31	15.18	2.00	3.75	0.89	88.42
	Twinsburg Township	54.29	11.56	13.61	2.00	-	0.89	82.35
	Northfield Center Township	54.29	12.31	12.14	2.00	-	0.89	81.63
	Northfield Village	54.29	12.31	4.98	2.00	3.75	0.89	78.22
1993	Boston Heights Village	47.29	12.59	5.60	2.00	-	0.89	68.37
	Macedonia City	47.29	12.59	9.42	2.00	-	0.89	72.19
	Northfield Center Township	47.29	12.59	12.14	2.00	4.15	0.89	79.06
	Northfield Village	47.29	12.59	4.98	2.00	-	0.89	67.75
	Sagamore Hills Township	47.29	12.59	15.18	2.00	-	0.89	77.95
	Sagamore Hills Township	47.29	12.59	15.18	2.00	4.15	0.89	82.10
	Twinsburg Township	47.29	11.84	12.47	2.00	-	0.89	74.49
	Northfield Center Township	47.29	12.59	12.14	2.00	-	0.89	74.91
	Northfield Village	47.29	12.59	4.98	2.00	4.15	0.89	71.90

Source: Summit Count Fiscal Officer - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the Summit County Fiscal Officer.

Note: (1) Property tax rates are based on \$1,000 of assessed valuation.

***Nordonia Hills City School District***  
**Computation of Legal Debt Margin**  
**June 30, 2002**

Assessed Valuation	<u>\$ 766,804,825</u>
Bonded Debt Limit - 9% of Assessed Value (1)	<u>69,012,434</u>
Total outstanding debt (voted)	<u>38,500,000</u>
Overall Debt Margin	<u>\$ 30,512,434</u>
Bonded Debt Limit - .10% of Assessed Value (1)	<u>\$ 766,805</u>
Total outstanding debt (unvoted)	<u>-</u>
Unvoted Debt Margin	<u>\$ 766,805</u>

Source: Summit County Fiscal Officer

(1) Ohio Bond Law sets a limit of 9% of assessed value for voted debt and 1/10 of 1% for unvoted debt. All School District debt subject to the limitation is voted.

***Nordonia Hills City School District***

**Ratio of Net General Obligation Bonded Debt to**

**Assessed Value and Net General Obligation Bonded Debt Per Capita**

**Last Ten Fiscal Years**

<u>Collection Year</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value</u>	<u>Population (2)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2002	\$ 38,500,000	\$ 766,804,825	28,508	5.02%	\$ 1,350
2001	38,500,000	731,783,608	28,508	5.26%	1,350
1993	85,000	353,243,219	23,623	0.02%	4

Source: Summit County Fiscal Officer and School District records.

(1) From 1994 to 2000 the School District had no net bonded debt.

(2) Population data for 1993 was assumed to be the same as the 1990 census and data for 2001 and 2002 was assumed to be the same as the 2000 census as interim data was not available.

***Nordonia Hills City School District***  
**Ratio of Annual Debt Service Expenditures for**  
**General Obligation Bonded Debt to Total Governmental Expenditures**  
**Last Ten Fiscal Years (1)**

Year	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Governmental Expenditures (Percentages)
2002	\$ -	\$ 1,835,358	\$ 1,835,358	\$ 53,738,067	3.42%
2001	-	917,679	917,679	74,702,839	1.23%
1994	85,000	2,762	87,762	18,362,957	0.48%
1993	85,000	8,287	93,287	17,418,931	0.54%

Source: School District records and Audit Reports

(1) From 1995 to 2000 the School District had no bonded debt. While the District issued bonded debt in December 2000, the first principal payment is scheduled for fiscal year 2003.



***Nordonia Hills City School District***  
**Demographic Statistics**

Selected Population Characteristic	2000	1990	1980
<b><u>Gender</u></b>			
Males	13,980	11,764	11,654
Females	14,528	11,859	11,570
<b><u>Age Distribution</u></b>			
Under 5 years	1,809	1,489	1,305
5 to 9 years	1,960	1,622	1,703
10 to 15 years	1,845	2,012	2,773
16 to 20 years	1,687	1,577	2,446
21 to 29 years	1,084	2,827	2,830
30 to 44 years	9,092	6,237	5,234
45 to 59 years	6,178	4,287	4,255
60 to 64 years	1,413	1,218	1,012
65 to 84 years	3,194	2,214	1,533
85 years and older	246	140	133
Percent of population under 21	26%	28%	35%
Percent of population 21 and older	74%	72%	65%
<b><u>Income (1)</u></b>			
Median family income	n/a	\$ 46,708	\$ 27,023
Per capital income	n/a	14,770	8,159

Source: U.S. Bureau of the Census

(1) 2000 Census information was not available.

***Nordonia Hills City School District***  
**Property Values, Bank Deposits and Construction**  
**Last Ten Calendar Years**

<u>Year</u>	<u>Total Assessed Values</u>	<u>Financial Institution Bank Deposits</u>	<u>Value of New Construction</u>
2001	\$ 766,804,825	\$ 7,870,201,000	\$ 27,868,720
2000	731,783,608	7,920,486,000	31,667,000
1999	631,687,411	7,836,388,000	27,868,720
1998	596,570,271	5,749,282,000	24,733,900
1997	565,032,171	5,153,519,000	28,695,860
1996	447,885,230	4,342,660,000	32,057,250
1995	412,968,806	4,267,009,000	16,493,870
1994	391,603,818	4,199,905,000	11,822,270
1993	353,243,219	3,792,255,000	8,179,270
1992	347,641,386	3,737,694,000	8,376,330

Sources:

Total Assessed Value - Summit County Fiscal Officer  
Financial Institution Deposits - Cleveland Federal Reserve Bank  
Value of New Construction - Summit County Fiscal Officer

**Nordonia Hills City School District**  
Principal Taxpayers

Top Taxpayers	Assessed valuations				Estimated Actual Valuations				
	Real Property	Tangible Personal	Public Utility	Total	Percent of Total	Real Property	Tangible Personal	Public Utility	Total
Ohio Edison Co.	\$ -	\$ -	\$ 6,926,850	\$ 6,926,850	0.95 %	\$ -	\$ -	\$ 27,707,400	\$ 27,707,400
Dorts LLC	7,530,410	-	7,530,410	7,530,410	1.03	21,515,457	-	-	21,515,457
American Transmission	-	-	10,604,200	10,604,200	1.45	-	-	42,416,800	42,416,800
AERC Williamsburg, Inc.	4,451,300	-	4,451,300	4,451,300	0.61	12,718,000	-	-	12,718,000
Northfield Park Associates	3,106,490	-	3,106,490	3,106,490	0.42	8,875,686	-	-	8,875,686
Western Reserve Telephone	-	-	4,334,240	4,334,240	0.59	-	-	17,336,960	17,336,960
Developers Diversified Realty	4,070,870	-	4,070,870	4,070,870	0.56	11,631,057	-	-	11,631,057
Cleveland Elec. Illuminating	-	-	2,876,300	2,876,300	0.39	-	-	11,505,200	11,505,200
Ben Venue Laboratories	-	3,536,650	3,536,650	3,536,650	0.48	-	4,018,920	-	4,018,920
LTV Steel Co.	-	3,001,660	3,001,660	3,001,660	0.41	-	3,410,977	-	3,410,977
<b>Total Top Ten Taxpayers</b>	<b>\$ 19,159,070</b>	<b>\$ 6,538,310</b>	<b>\$ 24,741,590</b>	<b>\$ 50,438,970</b>	<b>6.89 %</b>	<b>\$ 54,740,200</b>	<b>\$ 7,429,897</b>	<b>\$ 98,966,360</b>	<b>\$ 161,136,456</b>

Total All Assessed Valuations \$ 637,061,940 \$ 59,055,468 \$ 35,666,200 \$ 731,783,608 100.00%

Sources: Summit County Fiscal Officer

***Nordonia Hills City School District***  
**Computation of Direct and Overlapping Bonded Debt**  
**December 31, 2001**

	<u>Assessed Valuation</u>	<u>Net General Tax Supported Debt (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable Nordonia Hills City School District</u>
Direct:				
Nordonia Hills City Schools	\$ 766,804,825	\$ 38,500,000	100.00 %	\$ 38,500,000
Indirect:				
City of Macedonia	336,803,980	13,675,126	97.70%	13,360,598
Northfield Village	58,190,328	109,000	100.00%	109,000
Metro Transit Authority	10,686,054,179	1,765,000	7.18%	126,727
Summit County	10,686,054,179	<u>89,646,628</u>	7.18%	<u>6,436,628</u>
Total overlapping		<u>105,195,754</u>		<u>20,032,953</u>
Total direct and overlapping debt		<u>\$ 143,695,754</u>		<u>\$ 58,532,953</u>

Sources: Summit County Fiscal Officer

(1) Includes all general obligation bonds and notes at December 31, 2001.

(2) Overlapping percentages are calculated based on overlapping valuation and total entity valuation.

***Nordonia Hills City School District***

**Transportation Statistics**

**June 30, 2002**

Number of Assigned School Buses in Fleet:	39
Average Age of School Buses in Fleet: (Oldest: 15 years Most Recent: 6 months)	5.5 years
Number of Bus Drivers: (23 residents of Nordonia Hills City School District) (13% male; 87% female)	38
Average Number of Years Experience: (Most Service: 25 years Least Service: 1 year)	8
Number of Miles Driven Annually:	524,805 (approx.)
Annual Gallons of Fuel Consumed: Diesel	86,000 (approx.)
Gasoline	1,000 (approx.)
Number of Students Eligible for Transportation:	
Public School Students	3,704
Non-Public School Students (8 private schools)	952
Special Needs Students (8 out of district schools)	11
Preschool (1 out of district school)	<u>9</u>
Total:	4,676

Source: School District records

***Nordonia Hills City School District***

**Miscellaneous Statistics**

**Last Ten Fiscal Years (1)**

	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Fall Enrollment	3,701	3,598	3,546	3,443
Average Teacher Salary	\$ 46,941	\$ 43,040	\$ 42,462	\$ 42,868
Percent of Teachers With No Degree	0.00%	0.00%	0.00%	0.00%
Percent of Teachers With Bachelor Degree	N/A	23.22%	17.65%	17.69%
Percent of Teachers With Masters Degree	N/A	39.02%	38.24%	38.74%
Average Teacher Experience (yrs.)	N/A	12.50	14.30	15.50
Pupil Attendance Rate	95.50%	95.80%	94.90%	95.69%
Graduation Rate	90.20%	91.20%	88.70%	88.89%
Percent of College Preparatory Graduates	N/A	N/A	N/A	71.37%

Source: Ohio Department of Education and School District records

(1) Information not available for 2002

N/A - not available

	1997		1996		1995		1994		1993		1992
	3,400		3,264		3,163		3,102		3,013		3,005
\$	41,829	\$	40,923	\$	37,880	\$	37,172	\$	36,969	\$	35,059
	0.00%		1.05%		1.09%		1.10%		0.69%		0.45%
	18.12%		18.98%		22.81%		18.60%		41.39%		18.28%
	39.04%		39.87%		38.66%		39.79%		27.46%		41.04%
	15.50		15.70		14.90		15.60		15.30		14.70
	95.94%		95.71%		95.80%		95.82%		95.64%		95.99%
	87.89%		80.66%		97.50%		90.52%		93.44%		90.76%
	65.78%		64.71%		55.56%		75.71%		55.37%		59.29%

***Nordonia Hills City School District***

**Directory of School Facilities**

**June 30, 2002**

<u>FACILITY</u>	<u>ADDRESS</u>	<u>PRINCIPAL</u>	<u>GRADES</u>
Northfield Elementary	9374 Olde Eight Road Northfield, Ohio	Mrs. Mary Kelly	1-4
Rushwood Elementary	8200 Rushwood Lane Sagamore Hills, Ohio	Mrs. Irene Beville	K-4
Ledgeview Elementary	9130 Shepard Road Macedonia, Ohio	Mrs. Karen Muffley	K-4
Lee Eaton Elementary	115 Ledge Road Northfield, Ohio	Mr. Neil Roseberry	5-6
Nordonia Middle School	73 Leonard Avenue Northfield, Ohio	Mrs. Jennifer Vinson	7-8
Nordonia High School	8006 South Bedford Road Macedonia, Ohio	Mr. Charles Vrabel	9-12

Source: Nordonia Hills City School District records





**Auditor of State  
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**NORDONIA HILLS CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 4, 2003**