

**CUYAHOGA FALLS CITY
SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

*GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999*

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**CUYAHOGA FALLS CITY
SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999***

**TRIMBLE, JULIAN & GRUBE, INC.
SCOTT C. SNYDER, TREASURER**

TJG

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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STATE OF OHIO
OFFICE OF THE AUDITOR


JIM PETRO, AUDITOR OF STATE

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Board of Education
Cuyahoga Falls City School District
Cuyahoga Falls, Ohio

We have reviewed the Independent Auditor's Report of the Cuyahoga Falls City School District, Summit County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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


JIM PETRO
Auditor of State

December 30, 1999

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

Board of Education
Cuyahoga Falls City School District
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

We have audited the accompanying general purpose financial statements of the Cuyahoga Falls City School District, Summit County, (the "District"), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.


We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Cuyahoga Falls City School District, Summit County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 1999 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.

Independent Auditors Report
Cuyahoga Falls City School District
Page 2

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

A handwritten signature in cursive script that reads "Trimble, Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

Trimble, Julian & Grube, Inc.
November 5, 1999

CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

| | Governmental Fund Types | | | Proprietary Fund Types | | Fiduciary | Account Groups | | Total (Memorandum Only) |
|--|-------------------------|--------------------|--------------------|------------------------|------------------|---------------------|---------------------|---------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General | |
| | | | | | | | | Fixed Assets | |
| ASSETS AND OTHER DEBITS | | | | | | | | | |
| ASSETS: | | | | | | | | | |
| Equity in pooled cash and cash equivalents | \$1,159,087 | \$700,853 | \$339,627 | \$8,065,344 | \$73,462 | \$123,177 | \$456,063 | | \$10,917,613 |
| Equity in pooled cash and cash equivalents - nonexpendable trust fund | | | | | | 640,168 | 66,840 | | 66,840 |
| Cash in segregated accounts | | | | | | | | | 640,168 |
| Receivables (net of allowances of uncollectibles): | | | | | | | | | |
| Taxes - current & delinquent | 18,133,524 | | 1,077,227 | | 1,658 | 2,165 | | | 19,210,751 |
| Accounts | 19,304 | 419 | | | | | | | 23,546 |
| Interfund loans receivable | 183,615 | | | | 43,991 | | 98,224 | | 183,615 |
| Due from other governments | | 82,566 | | | | | | | 224,781 |
| Prepayments | 57,688 | | | | | | | | 57,688 |
| Materials and supplies inventory | 76,097 | | | | 48,112 | | | | 124,209 |
| Restricted assets: | | | | | | | | | |
| Equity in pooled cash and cash equivalents | 228,338 | | | | | | | | 228,338 |
| Property, plant and equipment (net of accumulated depreciation where applicable) | | | | | 228,487 | | | \$27,064,955 | 27,293,442 |
| OTHER DEBITS: | | | | | | | | | |
| Amount available in Debt Service Fund | | | | | | | | \$361,618 | 361,618 |
| Amount to be provided for retirement of general long-term obligations | | | | | | | | 11,960,845 | 11,960,845 |
| Total assets and other debits | \$19,857,653 | \$783,838 | \$1,416,854 | \$8,065,344 | \$395,710 | \$765,510 | \$621,127 | \$27,064,955 | \$71,293,454 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

| | Governmental Fund Types | | | Proprietary Fund Types | | | Fiduciary Fund Types | | | Account Groups | | | Total (Memorandum Only) |
|---|-------------------------|------------------|--------------------|------------------------|------------------|------------------|----------------------|----------------------|-----------------------|----------------|--------------|-----------------------|-------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | Long-Term Obligations | General | Fixed Assets | Long-Term Obligations | |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | | | | | | | | |
| LIABILITIES: | | | | | | | | | | | | | |
| Accounts payable | \$276,948 | \$51,845 | | \$5,665 | \$3,752 | \$5,551 | \$28,849 | | | | | | \$372,610 |
| Accrued wages and benefits | 2,602,159 | 93,593 | | 7,764 | 33,448 | 6 | 76,262 | | | | | | 2,813,232 |
| Compensated absences payable | 260,003 | | | | 21,879 | | 815 | | | \$1,702,573 | | | 1,965,270 |
| Contracts payable | | | | 933,092 | | | | | | | | | 933,092 |
| Pension obligation payable | 484,838 | 5,994 | | \$10 | 29,469 | 1,704 | 6,648 | | | 269,623 | | | 798,786 |
| Interfund loans payable | | 143,780 | | | | 3,920 | 35,915 | | | | | | 183,615 |
| Claims payable | | | | | | 417,647 | | | | | | | 417,647 |
| Deferred revenue | 17,581,018 | 9,025 | \$1,055,112 | | 23,433 | 57,688 | | | | | | | 18,726,276 |
| Due to other governments | 4,872 | | 124 | | | | | | | | | | 5,000 |
| Due to students | | | | | | | 226,800 | | | | | | 226,800 |
| Undistributed monies | | | | | | | 77,322 | | | | | | 77,322 |
| Asbestos loan payable | | | | | | | 49,560 | | | | | | 49,560 |
| General obligation bonds payable | | | | | | | | | 355,910 | | | | 355,910 |
| Energy conservation bonds payable | | | | | | | | | 8,460,000 | | | | 8,460,000 |
| Obligation under capital lease | | | | | 6,374 | | | | 1,500,000 | | | | 1,500,000 |
| | | | | | | | | | 34,357 | | | | 34,357 |
| Total liabilities | 21,209,838 | 304,237 | 1,055,236 | 947,031 | 118,355 | 486,516 | 496,171 | | 12,322,463 | | | | 36,939,847 |
| EQUITY AND OTHER CREDITS: | | | | | | | | | | | | | |
| Investment in general fixed assets | | | | | | | | | \$27,064,955 | | | | 27,064,955 |
| Contributed capital | | | | | | | | | 208,659 | | | | 208,659 |
| Retained earnings: unreserved | | | | | | | | | 68,696 | 278,994 | | | 347,690 |
| Fund balances: | | | | | | | | | | | | | |
| Reserved for encumbrances | 705,154 | 254,342 | | 5,186,621 | | | | | | | | | 6,146,117 |
| Reserved for supplies inventory | 76,097 | | | | | | | | | | | | 76,097 |
| Reserved for prepayments | 57,688 | | | | | | | | | | | | 57,688 |
| Reserved for debt service | | | 343,596 | | | | | | | | | | 343,596 |
| Reserved for tax revenue unavailable | | | 18,022 | | | | | | | | | | 18,022 |
| Reserved for principal encumbrance | 403,826 | | | | | | | | | | | | 403,826 |
| Reserved for instructional materials | 35,029 | | | | | | | | | | | | 35,029 |
| Reserved for capital improvements | 3,244 | | | | | | | | | | | | 3,244 |
| Reserved for budget stabilization | 190,065 | | | | | | | | | 65,000 | | | 190,065 |
| Reserved for unclaimed monies | 14,727 | | | | | | | | | | | | 14,727 |
| Reserved for scholarships | | | | | | | 1,840 | | | | | | 1,840 |
| Unreserved-designated | (2,838,015) | 225,259 | | 1,931,692 | | | 58,116 | | | | | | (622,948) |
| | (1,352,185) | 479,601 | 361,618 | 7,118,313 | 277,355 | 278,994 | 124,956 | | | | | | 34,553,607 |
| Total equity and other credits | \$19,857,653 | \$783,838 | \$1,416,854 | \$8,065,344 | \$395,710 | \$765,510 | \$621,127 | | \$27,064,955 | | | | \$71,293,454 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICIT)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999

| | Governmental Fund Types | | | | Fiduciary Fund Type | Total (Memorandum Only) |
|--|-------------------------|--------------------|------------------|---------------------|------------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | |
| Revenues: | | | | | | |
| From local sources: | | | | | | |
| Taxes | \$16,608,259 | | \$905,652 | | | \$17,513,911 |
| Tuition | 17,114 | | | | | 17,114 |
| Earnings on investments | 461,512 | \$6,509 | 125,000 | \$162,697 | \$2,343 | 757,861 |
| Extracurricular | | 408,499 | | | | 408,499 |
| Donations | | | | | 11,484 | 11,484 |
| Other local revenues | 321,324 | 7,741 | | | | 329,065 |
| Other revenue | 35,717 | 5,773 | | | | 41,490 |
| Intergovernmental - State | 12,845,511 | 1,053,934 | 80,876 | | | 13,980,321 |
| Intergovernmental - Federal | | 1,318,666 | | | | 1,318,666 |
| Total revenues | 30,289,237 | 2,801,122 | 1,111,528 | 162,697 | 13,827 | 34,378,411 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 14,925,589 | 264,262 | | 191,484 | 3,000 | 15,384,335 |
| Special | 2,291,915 | 675,485 | | | | 2,967,400 |
| Vocational | 816,171 | 171,411 | | | | 987,582 |
| Other | 985,665 | 16,539 | | | | 1,002,204 |
| Support services: | | | | | | |
| Pupil | 1,900,753 | 94,195 | | | | 1,994,948 |
| Instructional staff | 798,634 | 379,255 | | | | 1,177,889 |
| Board of Education | 43,525 | | | | | 43,525 |
| Administration | 2,053,791 | 4,309 | | | | 2,058,100 |
| Fiscal | 604,693 | | 7,874 | | | 612,567 |
| Business | 315,454 | | | | | 315,454 |
| Operations and maintenance | 3,940,037 | 36,380 | | 11,885 | | 3,988,302 |
| Pupil transportation | 908,438 | | | | | 908,438 |
| Central | 91,527 | 35,856 | | | | 127,383 |
| Community services | | 725,210 | | | 3,000 | 728,210 |
| Extracurricular activities | 439,901 | 283,010 | | | | 722,911 |
| Facilities services | | | | 1,496,550 | | 1,496,550 |
| Debt service: | | | | | | |
| Principal retirement | 81,923 | | 530,000 | | | 611,923 |
| Interest and fiscal charges | 130,374 | | 339,704 | | | 470,078 |
| Total expenditures | 30,328,390 | 2,685,912 | 877,578 | 1,699,919 | 6,000 | 35,597,799 |
| Excess of revenues over (under) expenditures | (39,153) | 115,210 | 233,950 | (1,537,222) | 7,827 | (1,219,388) |
| Other financing sources: | | | | | | |
| Proceeds of bonds | | | | 8,000,000 | | 8,000,000 |
| Total other financing sources | | | | 8,000,000 | | 8,000,000 |
| Excess of revenues and other financing sources over (under) expenditures | (39,153) | 115,210 | 233,950 | 6,462,778 | 7,827 | 6,780,612 |
| Fund balances (Deficit), July 1 | (1,295,650) | 364,391 | 127,668 | 655,535 | 50,289 | (97,767) |
| Decrease in reserve for inventory | (17,382) | | | | | (17,382) |
| Fund balances (Deficit), June 30 | (\$1,352,185) | \$479,601 | \$361,618 | \$7,118,313 | \$58,116 | \$6,665,463 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CUYAHOGA FALLS CITY SCHOOL DISTRICT
 SUMMIT COUNTY, OHIO
 COMBINED STATE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

| | General Fund | | | | Special Revenue | | | | Debt Service | | | | Capital Projects | | | | Total (Memorandum only) | | | |
|--|----------------|--------------|-------------------------------------|----------------|-----------------|-------------------------------------|----------------|-------------|-------------------------------------|----------------|-------------|-------------------------------------|------------------|-----------|-------------------------------------|----------------|-------------------------|-------------------------------------|--|--|
| | Revised Budget | Actual | Variance: Favorable (Und favorable) | Revised Budget | Actual | Variance: Favorable (Und favorable) | Budget Revised | Actual | Variance: Favorable (Und favorable) | Budget Revised | Actual | Variance: Favorable (Und favorable) | Budget Revised | Actual | Variance: Favorable (Und favorable) | Budget Revised | Actual | Variance: Favorable (Und favorable) | | |
| | | | | | | | | | | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | | | | | | | | | |
| From local sources: | | | | | | | | | | | | | | | | | | | | |
| Taxes..... | \$16,662,911 | \$16,662,911 | \$0 | | | | \$891,135 | \$891,135 | \$0 | | | | | | | \$17,554,046 | \$17,554,046 | \$0 | | |
| Tuition..... | 17,114 | 17,114 | 0 | | | | | | | | | | | | | 17,114 | 17,114 | 0 | | |
| Earnings on investments..... | 461,312 | 461,312 | 0 | \$6,657 | 56,509 | (51,48) | 125,000 | 125,000 | 0 | \$146,618 | \$146,618 | \$0 | | | 739,439 | 739,439 | (148) | | | |
| Other local revenues..... | 337,059 | 337,059 | 0 | 415,095 | 414,923 | (172) | | | | | | | | | 752,154 | 751,982 | (172) | | | |
| Other revenue..... | 33,285 | 33,285 | 0 | 5,874 | 55,773 | (101) | | | | | | | | | 39,159 | 39,058 | (101) | | | |
| Intergovernmental - State..... | 12,845,511 | 12,845,511 | 0 | 1,025,139 | 1,025,431 | 92 | 80,876 | 80,876 | 0 | | | | | | 13,951,726 | 13,951,818 | 92 | | | |
| Intergovernmental - Federal..... | | | 0 | 2,311,968 | 2,312,066 | 198 | | | | | | | | | 2,311,968 | 2,312,066 | 198 | | | |
| Total revenues..... | 30,357,192 | 30,357,192 | 0 | 3,764,833 | 3,764,702 | (131) | 1,097,011 | 1,097,011 | 0 | 146,618 | 146,618 | 0 | | | 35,365,654 | 35,365,523 | (131) | | | |
| Expenditures: | | | | | | | | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | | | | | | | | | |
| Regular..... | 15,017,263 | 15,007,371 | 9,892 | 428,883 | 321,015 | 107,868 | | | | | | | | | 222,138 | 190,908 | 31,230 | | | |
| Special..... | 7,268,458 | 2,265,642 | 2,816 | 688,349 | 670,685 | 17,664 | | | | | | | | | 2,956,807 | 2,936,327 | 20,480 | | | |
| Vocational..... | 830,011 | 828,694 | 1,517 | 199,782 | 195,595 | 4,187 | | | | | | | | | 1,029,793 | 1,024,069 | 5,704 | | | |
| Other..... | 1,031,570 | 1,030,751 | 819 | 18,250 | 17,070 | 1,180 | | | | | | | | | 1,049,820 | 1,047,821 | 1,999 | | | |
| Support services: | | | | | | | | | | | | | | | | | | | | |
| Administrative..... | 1,917,807 | 1,917,098 | 709 | 480,224 | 462,892 | 27,332 | | | | | | | | | 2,408,031 | 2,380,090 | 27,941 | | | |
| Instructional staff..... | 795,199 | 783,413 | 11,786 | 806,073 | 733,926 | 72,147 | | | | | | | | | 1,401,272 | 1,317,339 | 83,933 | | | |
| Board of Education..... | 49,954 | 47,603 | 2,351 | | | | | | | | | | | | 49,954 | 47,603 | 2,351 | | | |
| Administration..... | 3,159,795 | 2,151,621 | 8,174 | 500,936 | 373,080 | 127,856 | 10,000 | 7,777 | 2,223 | | | | | 2,660,731 | 2,524,701 | 1,360,936 | | | | |
| Fiscal..... | 609,268 | 603,234 | 6,034 | | | | | | | | | | | | 619,268 | 611,011 | 8,237 | | | |
| Business..... | 322,293 | 320,743 | 1,550 | 11,297 | 11,297 | 0 | | | | | | | | | 333,590 | 332,040 | 1,550 | | | |
| Operations and maintenance..... | 3,869,527 | 3,866,722 | 2,805 | 70,234 | 63,343 | 6,891 | | | | | | | | | 3,961,777 | 3,948,619 | 13,158 | | | |
| Pupil transportation..... | 1,157,784 | 95,548 | 1,124 | | | | | | | | | | | | 1,157,784 | 1,155,164 | 2,620 | | | |
| Community services..... | 96,672 | | | 44,234 | 35,856 | 8,378 | | | | | | | | | 140,906 | 131,404 | 9,502 | | | |
| Extracurricular activities..... | 441,529 | 437,473 | 4,056 | 813,955 | 756,079 | 57,876 | | | | | | | | | 813,955 | 756,079 | 57,876 | | | |
| Facilities services..... | | | | 357,397 | 326,893 | 30,504 | | | | | | | | | 798,926 | 764,366 | 34,560 | | | |
| Debt service: | | | | | | | | | | | | | | | | | | | | |
| Principal retirement..... | 3,196,364 | 3,196,364 | 0 | | | | 7,090,000 | 7,090,000 | 0 | | | | | | 10,276,364 | 10,276,364 | 0 | | | |
| Interest and fiscal charges..... | 125,532 | 125,183 | 349 | | | | 345,172 | 339,704 | 5,468 | | | | | | 470,704 | 464,887 | 5,817 | | | |
| Total expenditures..... | 33,889,026 | 33,832,424 | 56,602 | 4,429,614 | 3,967,831 | 461,783 | 7,385,172 | 7,377,481 | 7,691 | 7,373,747 | 6,888,411 | 485,336 | | | 53,077,559 | 52,066,147 | 1,011,412 | | | |
| Excess of revenues over (under) expenditures..... | (3,531,834) | (3,475,232) | 56,602 | (664,781) | (203,129) | 461,652 | (6,288,161) | (6,280,470) | 7,691 | (7,227,129) | (6,741,793) | 485,336 | | | (17,711,905) | (16,700,624) | 1,011,281 | | | |
| Other financing sources (uses): | | | | | | | | | | | | | | | | | | | | |
| Refund of prior year's (receipts)..... | | | | (15,902) | (15,902) | 0 | | | | | | | | | (15,902) | (15,902) | 0 | | | |
| Advances in..... | 164,371 | 164,371 | 0 | 151,157 | 151,288 | 131 | | | | | | | | | 315,528 | 315,659 | 131 | | | |
| Advances (out)..... | (332,500) | (231,341) | 1,159 | (74,056) | (74,006) | 0 | | | | | | | | | (906,556) | (305,397) | 1,159 | | | |
| Proceeds from sale of bonds..... | | | 0 | | | | 6,500,000 | 6,500,000 | 0 | 8,000,000 | 8,000,000 | 0 | | | 14,500,000 | 14,500,000 | 0 | | | |
| Proceeds from sale of notes..... | | | 0 | | | | | | | | | | | | 3,170,000 | 3,170,000 | 0 | | | |
| Total other financing sources (uses)..... | 3,101,871 | 3,103,030 | 1,159 | 61,199 | 61,330 | 131 | 6,500,000 | 6,500,000 | 0 | 8,000,000 | 8,000,000 | 0 | | | 17,663,070 | 17,664,360 | 1,290 | | | |
| Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)..... | (429,963) | (372,202) | 57,761 | (603,582) | (141,799) | 461,783 | 211,839 | 219,530 | 7,691 | 772,871 | 1,238,207 | 485,336 | | | (48,835) | 963,736 | 1,012,571 | | | |
| Fund balances, July 1..... | 557,721 | 557,721 | 0 | 550,244 | 550,244 | 0 | 120,097 | 120,097 | 0 | 662,516 | 662,516 | 0 | | | 1,890,578 | 1,890,578 | 0 | | | |
| Prior year encumbrances appropriated..... | 447,939 | 447,939 | 0 | 156,810 | 156,810 | 0 | 0 | 0 | 0 | 6,554 | 6,554 | 0 | | | 611,323 | 611,323 | 0 | | | |
| Fund balances, June 30..... | \$575,717 | \$653,478 | \$57,761 | \$103,472 | \$565,255 | \$461,783 | \$331,936 | \$339,637 | \$7,691 | \$1,441,941 | \$1,927,277 | \$485,336 | | | \$2,453,066 | \$3,465,637 | \$1,012,571 | | | |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

| | Proprietary Fund Types | | Fiduciary Fund Type | Total (Memorandum Only) |
|---|------------------------|---------------------|------------------------|-------------------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | |
| Operating revenues: | | | | |
| Tuition and fees | \$40,739 | \$106,968 | | \$147,707 |
| Sales/charges for services | 925,724 | 2,832,745 | | 3,758,469 |
| Investment earnings | | | \$1,840 | 1,840 |
| Other operating revenues | 4,805 | | | 4,805 |
| Gifts and donations | | | 65,000 | 65,000 |
| Total operating revenues | 971,268 | 2,939,713 | 66,840 | 3,977,821 |
| Operating expenses: | | | | |
| Personal services | 661,724 | 13,493 | | 675,217 |
| Contract services | 24,276 | 267,720 | | 291,996 |
| Materials and supplies | 613,537 | 132,501 | | 746,038 |
| Depreciation | 23,115 | | | 23,115 |
| Other | | 3,920 | | 3,920 |
| Claims expense | | 2,618,796 | | 2,618,796 |
| Total operating expenses | 1,322,652 | 3,036,430 | | 4,359,082 |
| Operating income (loss) | (351,384) | (96,717) | 66,840 | (381,261) |
| Nonoperating revenues (expenses): | | | | |
| Operating grants | 270,330 | 3,500 | | 273,830 |
| Federal commodities | 74,177 | | | 74,177 |
| Interest revenue | 1,319 | 22,029 | | 23,348 |
| Loss on sale of assets | (50) | | | (50) |
| Interest and fiscal charges | (767) | | | (767) |
| Total nonoperating revenues (expenses) | 345,009 | 25,529 | | 370,538 |
| Net income (loss) | (6,375) | (71,188) | 66,840 | (10,723) |
| Retained earnings/fund balance July 1 | 75,071 | 350,182 | | 425,253 |
| Retained earnings/fund balance June 30 | \$68,696 | \$278,994 | \$66,840 | \$414,530 |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999

| | Proprietary Fund Types | | Fiduciary Fund Type | Total (Memorandum Only) |
|---|------------------------|---------------------|------------------------|-------------------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | |
| Cash flows from operating activities: | | | | |
| Cash received from tuition and fees | \$39,319 | \$106,323 | | \$145,642 |
| Cash received from sales/service charges | 925,486 | 2,836,152 | | 3,761,638 |
| Cash received from other operations | 4,805 | | \$65,000 | 69,805 |
| Cash payments for personal services | (652,608) | (13,667) | | (666,275) |
| Cash payments for contract services | (23,405) | (264,904) | | (288,309) |
| Cash payments supplies and materials | (536,385) | (130,095) | | (666,480) |
| Cash payments for claims expenses. | | (2,689,046) | | (2,689,046) |
| Cash payments for other expenses | | (3,920) | | (3,920) |
| Net cash provided by (used in) operating activities | (242,788) | (159,157) | 65,000 | (336,945) |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from operating grants | 226,603 | 3,500 | | 230,103 |
| Cash received from interfund loans | | 3,920 | | 3,920 |
| Cash payments used in repayment of interfund loans | (5,987) | | | (5,987) |
| Net cash provided by noncapital financing activities | 220,616 | 7,420 | | 228,036 |
| Cash flows from capital and related financing activities: | | | | |
| Principal payments-capital lease | (5,886) | | | (5,886) |
| Interest payments-capital lease. | (767) | | | (767) |
| Acquisition of capital assets | (19,384) | | | (19,384) |
| Net cash used in capital and related financing activities. | (26,037) | | | (26,037) |
| Cash flows from investing activities: | | | | |
| Interest received. | 1,319 | 22,029 | 1,840 | 25,188 |
| Net cash provided by investing activities | 1,319 | 22,029 | 1,840 | 25,188 |
| Net increase (decrease) in cash and cash equivalents. | (46,890) | (129,708) | 66,840 | (109,758) |
| Cash and cash equivalents at beginning of year | 120,352 | 893,053 | | 1,013,405 |
| Cash and cash equivalents at end of year | \$73,462 | \$763,345 | \$66,840 | \$903,647 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss). | (\$351,384) | (\$96,717) | \$66,840 | (\$381,261) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 23,115 | | | 23,115 |
| Federal donated commodities | 74,177 | | | 74,177 |
| Interest reported as operating income | | | (1,840) | (1,840) |
| Changes in assets and liabilities: | | | | |
| Decrease in supplies inventory. | 1,196 | | | 1,196 |
| (Increase) in accounts receivable. | (1,659) | (645) | | (2,304) |
| Increase in accounts payable | 2,523 | 5,222 | | 7,745 |
| Increase(Decrease) in accrued wages & benefits. | 18,260 | (14) | | 18,246 |
| (Decrease) in compensated absences payable | (742) | | | (742) |
| (Decrease) in pension obligation payable | (8,401) | (160) | | (8,561) |
| (Decrease) in claims payable. | | (70,250) | | (70,250) |
| Increase in deferred revenue | 127 | 3,407 | | 3,534 |
| Net cash provided by (used in) operating activities | (\$242,788) | (\$159,157) | \$65,000 | (\$336,945) |

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Cuyahoga Falls City School District (the "District") is located in the greater metropolitan Akron area of Summit County in northeastern Ohio. The first official body designated as the Cuyahoga Falls Board of Education was formed on April 18, 1853. Both the township of Cuyahoga Falls and Cuyahoga Falls School District were formalized at this time. Total school enrollment at that time was 482. A new schoolhouse was built for the total price of \$2,000 (fifty dollars was to be deducted if the citizens could be persuaded to "raise the roof" themselves). The yearly budget was \$3,000; the issue of financing a new building was addressed by making "...a demand on the recorder for a tax on every citizen whom he could find".

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 60th largest by enrollment among the 612 districts in the State, and the 3rd largest in Summit County. It currently operates 7 elementary schools, 3 middle schools, and a comprehensive high school. The District employs 211 non-certified and 405 certified full-time and part-time employees to provide services to approximately 5,725 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity

The District has implemented the GASB pronouncements concerning the definition of the reporting entity. Accordingly, the District's financial statements include all funds, account groups, departments, agencies, boards, commissions, and other organizations over which the District is considered to be financially accountable or other organizations for which the District is not accountable, but for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. On this basis, there were no organizations which required incorporation into the financial statements, and the reporting entity is limited to the financial activity recorded on the District's books. The following organizations are described due to their relationship to the District:

Potential Component Unit Reported as an Agency Fund:

Mid - Eastern Ohio Special Education Regional Resource Center (MEO/SERRC) - MEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The School District serves as fiscal agent for MEO/SERRC which is accounted for in an Agency fund.

Insurance Purchasing Pool:

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his/her 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.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Joint Venture Without Equity Interest:

North-East Ohio Network for Educational Technology (NEONET) - NEONET is a joint venture among sixteen school districts and the Summit County Educational Service Center that was formed July 1, 1995. NEONET was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions of member districts. The seven member board of directors consists of four superintendents, two members of the treasurers' committee and one member of the student services subcommittee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEONET including budgeting, appropriating, contracting and designating management. All revenues are generated from an annual fee of \$7.70 per student to participating districts and State funding. The Summit County Educational Service Center is the fiscal agent of NEONET. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio, 44221.

Jointly Governed Organization:

Vocational Compact - The Vocational Compact is a jointly governed organization consisting of six participating school districts, to provide for the vocational and special education needs of their students. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six school districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district which offers the class. The District serves as the fiscal agent for this agreement, collecting and distributing payments. The committee exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General Fund - The General Fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

Capital Projects Funds - 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 and Trust Funds).

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUNDS

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body 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.

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include a nonexpendable trust fund, an expendable trust fund and an agency fund. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

ACCOUNT GROUPS

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

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds and Trust Funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds and Trust Funds.

C. Measurement Focus/Basis of Accounting

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

All Proprietary and Nonexpendable Trust Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary and Nonexpendable Trust Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The modified accrual basis of accounting is followed for Governmental, Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue 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. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary and Nonexpendable Trust Fund Types are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgets

The District is required by state statute to adopt an annual appropriation cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows.

1. 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Summit County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.)

Resolution appropriations 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.

5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 1999 in the following amounts:

| | <u>Increase</u> | <u>(Decrease)</u> |
|------------------------|-----------------|-------------------|
| General Fund | \$4,072,785 | |
| Special Revenue Funds | 1,377,887 | |
| Debt Service Fund | 3,429,890 | |
| Capital Projects Funds | 7,252,093 | |
| Enterprise Funds | | \$ (3,458) |
| Internal Service Funds | 352,960 | |
| Trust Funds | 315,420 | |
| Agency Funds | 10,898 | |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end, (not recognized as accounts payable) appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Proprietary Funds are disclosed in Note 13.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal year 1999 investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Investments are reported at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices. Investments should be valued at fair value or amortized cost pursuant to GASB Statement No. 31.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to the Auxiliary Services fund, Debt Service fund, Permanent Improvement fund, Expendable Trust fund, Food Service fund and Self-Insurance fund.

The following funds were credited with more interest revenue than would have been received based upon their share of the District's investments:

| | <u>Interest Actually Received</u> | <u>Interest Based Upon Share of Investments</u> | <u>Interest Assigned by Other Funds</u> |
|-------------------|---|---|---|
| General | \$461,312 | \$119,053 | \$342,259 |
| Debt Service Fund | 125,000 | 22,735 | 102,265 |

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account did not have a balance at June 30, 1999. The District has a segregated bank account for self-insurance monies held separate from the District's central bank account. This interest bearing depository account is presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since it is not required to be deposited into the District treasury.

An analysis of the District's investment account at year end is provided in Note 4.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Inventory

Inventories for all Governmental Funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary Funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased. The amount of unused commodities at the balance sheet date should be reported as deferred revenue since title does not pass to the District until the commodities are used.

G. Prepaids

Prepayments for Governmental Funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future Governmental Fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District has a policy of not capitalizing assets with a cost of less than \$300 and a useful life of less than 5 years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Assets Account Group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

| <u>Asset</u> | <u>Life (years)</u> |
|--|---------------------|
| Buildings | 25-50 |
| Furniture, Fixtures and Minor Equipment | 12 |
| Vehicles | 12 |

I. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Special Revenue Fund

Disadvantaged Pupil Impact Aid

Debt Service Fund

State Property Tax Relief

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Preschool for the Handicapped
Title II
Education Management Information System
Professional Development
Title VI-B
Adult Basic Education
Title I
Technology Innovation
Title VI
Vocational Education
Auxiliary Services
Drug-Free Schools
Textbook Subsidy
Eisenhower Mathematics and Science Education
Goals 2000
Venture Capital

Capital Projects Fund

School Net Plus

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Purchase

Special Revenue Fund

Underground Storage Tank

Proprietary

School Breakfast Program
National School Lunch Program
Government Donated Commodities
Adult Education

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Grants and entitlements amounted to over 40% of the District's operating revenue during the 1999 fiscal year.

J. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the Enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital did not change during fiscal year 1999.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service; or twenty (20) years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Accumulated vacation and severance liability of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and severance liability for employees meeting the above requirements who are paid from Proprietary Funds is recorded as an expense when earned.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

M. Fund Equity

Contributed capital is recorded in Proprietary Funds that received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation, instructional materials, capital improvements, budget stabilization and unclaimed monies. In addition, although the Nonexpendable Trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of the principal endowment and for available cash from which student scholarship awards will be made. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for unclaimed monies represents amounts not available for appropriation until unclaimed for five years, in accordance with Ohio law. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable". Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 1999 is presented in Note 5.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Statutory Reserves

The District is required by state law to set aside certain general fund (cash basis) revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

| | <u>Textbook Reserve</u> | <u>Capital Maintenance Reserve</u> | <u>Budget Stabilization Reserve</u> | <u>Total</u> |
|----------------------------|-----------------------------|--|---|-------------------|
| Balance 7/1/98 | \$ 0 | \$ 0 | \$190,065 | \$ 190,065 |
| Required Set-Aside | 469,570 | 469,570 | | 939,140 |
| Offset Credits | (106,440) | | | (106,440) |
| Qualifying Expenditures | <u>(328,101)</u> | <u>(466,326)</u> | <u> </u> | <u>(794,427)</u> |
| Balance 6/30/99 | <u>\$ 35,029</u> | <u>\$ 3,244</u> | <u>\$190,065</u> | <u>\$ 228,338</u> |

P. Parochial Schools

Within the District boundaries, St. Joseph and Immaculate Heart of Mary schools are operated through the Cleveland Catholic Diocese; Chapel Hill Christian and Redeemer Luthern schools are operated as private schools. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District are reflected in a Special Revenue fund for financial reporting purposes.

Q. Statement of Cash Flows

The District's Financial Statement has been prepared in accordance with GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". The District has presented a statement of cash flows for its Enterprise Funds, Internal Service Funds and Nonexpendable Trust fund. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

R. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting". The District accounts for its Proprietary and Nonexpendable fund type activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

S. Estimates

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

T. Restricted Assets

Certain assets of the General Fund are classified as restricted assets because their use is completely restricted by State legislation.

U. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (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.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances/Retained Earnings

Fund balances/retained earnings at June 30, 1999 included the following individual fund deficits.

| | <u>Deficit Balance</u> |
|------------------------------|------------------------|
| <u>General Fund</u> | \$(1,352,185) |
| <u>Special Revenue Funds</u> | |
| Title VI-B | (13,984) |
| EHA Preschool Grants | (747) |
| <u>Enterprise Fund</u> | |
| Food Service Fund | (19,317) |
| <u>Internal Service Fund</u> | |
| Intra-District Services | (3,920) |

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end. These deficit balances are caused by the application of GAAP. These deficits will be eliminated by intergovernmental revenues and other subsidies not recognized at June 30.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits 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.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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);

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash in Segregated Accounts: At year end, \$640,168 was on deposit in the District's self-insurance account, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end the carrying amount (including cash in segregated accounts) of the District's deposits was \$(232,006) and the bank balance was \$295,166 (both exclusive of payroll clearance accounts). Of the bank balance:

1. 100,000 was covered by federal depository insurance; and
2. 195,166 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

| | <u>Category of Risk 3</u> | <u>Fair Value</u> |
|--------------------------------|-------------------------------|-----------------------|
| Repurchase Agreements | \$7,957,873 | \$ 7,957,873 |
| Not Subject to Categorization: | | |
| Investment in State | | |
| Treasurer's Investment Pool | <u> </u> | <u>4,127,092</u> |
| Total Investments | <u>\$7,957,873</u> | <u>\$12,084,965</u> |

A reconciliation between the classifications of cash and cash equivalents, cash in segregated accounts, and investments on the combined balance sheet per GASB Statement No. 9, and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | <u>Pooled Cash and Cash Equivalents/ Cash and Cash Equivalents in Segregated Accounts</u> | <u>Investments</u> |
|-----------------------------------|---|---------------------|
| GASB Statement No. 9 | \$11,852,959 | \$ 0 |
| Investments of the Cash | | |
| Management Pool: | | |
| Repurchase Agreements | (7,957,873) | 7,957,873 |
| State Treasurer's Investment Pool | <u>(4,127,092)</u> | <u>4,127,092</u> |
| GASB Statement No. 3 | <u>\$ (232,006)</u> | <u>\$12,084,965</u> |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and/or payable:

| | <u>Interfund Loans Receivable</u> | <u>Interfund Loans (Payable)</u> |
|-----------------------------------|---------------------------------------|--------------------------------------|
| <u>General Fund</u> | \$183,615 | |
| <u>Special Revenue Funds</u> | | |
| District Managed Student Activity | | \$ (6,541) |
| Vocational Education | | (29,619) |
| Career Development | | (11,439) |
| Miscellaneous State Grants | | (87,060) |
| Drug-Free School Grant | | (7,507) |
| EHA Preschool Grants | | <u>(1,614)</u> |
| Total Special Revenue Funds | | <u>(143,780)</u> |
| <u>Internal Service Fund</u> | | |
| Intra-District Services | | <u>(3,920)</u> |
| <u>Agency Fund</u> | | |
| Alumni | | <u>(35,915)</u> |
| Total All Fund Types | <u>\$183,615</u> | <u>\$(183,615)</u> |

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 6 - PROPERTY TAXES - (Continued)

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

The assessed values upon which the fiscal year 1999 taxes were collected were as follows:

| | <u>1998 Second-Half Collections</u> | | <u>1999 First-Half Collections</u> | |
|---|---|----------------|--|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$569,064,070 | \$91.33 | \$581,353,600 | \$90.79 |
| Public Utility Personal | 16,587,610 | 2.66 | 16,453,600 | 2.57 |
| Tangible Personal Property | <u>37,434,678</u> | <u>6.01</u> | <u>42,509,623</u> | <u>6.64</u> |
| | <u>\$623,086,358</u> | <u>100.00</u> | <u>\$640,316,823</u> | <u>100.00</u> |
| Tax rate per \$1,000 of assessed valuation | | \$53.93 | | \$57.87 |

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Summit County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - PROPERTY TAXES - (Continued)

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent and student fees), interfund loans and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs. A summary of the principal items of receivables follows:

| | <u>Amounts</u> |
|--|----------------|
| <u>General Fund</u> | |
| Taxes - Current & Delinquent | \$18,133,524 |
| Accounts | 19,304 |
| Interfund loans | 183,615 |
| <u>Special Revenue Fund</u> | |
| Due from other Governments | 82,566 |
| <u>Debt Service Fund</u> | |
| Taxes - Current & Delinquent | 1,077,227 |
| <u>Enterprise Fund</u> | |
| Due from other Governments | 43,991 |
| <u>Agency Fund</u> | |
| MEO/SERRC - Due From Other Governments | 98,224 |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 8 - FIXED ASSETS

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

| | <u>Balance July 1, 1998</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance June 30, 1999</u> |
|-----------------------------|---------------------------------|--------------------|-----------------------------|----------------------------------|
| Land/ Improvements | \$ 1,261,121 | | | \$ 1,261,121 |
| Buildings | 14,766,294 | \$ 658,291 | | 15,424,585 |
| Furniture/ Equipment | 8,080,799 | 459,704 | \$(32,910) | 8,507,593 |
| Vehicles | 1,013,810 | 366,516 | | 1,380,326 |
| Construction in Progress | <u> </u> | <u>491,330</u> | <u> </u> | <u>491,330</u> |
| Total | <u>\$25,122,024</u> | <u>\$1,975,841</u> | <u>\$(32,910)</u> | <u>\$27,064,955</u> |

The construction in progress represents several building improvement projects. These projects are expected to be completed during fiscal year 2000.

A summary of the Proprietary Funds' fixed assets at June 30, 1999 follows:

| | <u>Proprietary</u> |
|--------------------------------|--------------------|
| Furniture and Equipment | \$ 646,157 |
| Less: Accumulated Depreciation | <u>(417,670)</u> |
| Net Fixed Assets | <u>\$ 228,487</u> |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of data processing and reproduction equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements for the Governmental Funds. Principal payments totaled \$55,559 in fiscal year 1999. In the Enterprise Funds, capital lease principal payments have been reclassified to reduce the liability and the interest payments have been reclassified as interest and fiscal charges expense. Principal payments totaled \$5,886 in fiscal year 1999. These expenditures/expenses are reflected as program/function expenditures/expenses on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group or the Enterprise Funds in an amount 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 or the Enterprise Funds.

The following is an analysis of equipment leased under capital leases as of June 30, 1999:

| | <u>General</u> | <u>Enterprise</u> |
|--------------------------------|-----------------------------|-------------------|
| Equipment | \$286,892 | \$27,784 |
| Less: accumulated depreciation | <u> </u> | <u>(16,668)</u> |
| Carrying value | <u>\$286,892</u> | <u>\$11,116</u> |

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

| <u>Fiscal Year</u> <u>Ending June 30</u> | <u>General</u> <u>Long-Term</u> <u>Obligations</u> | <u>Enterprise</u> <u>Funds</u> |
|---|--|-----------------------------------|
| 2000 | <u>\$36,182</u> | <u>\$6,769</u> |
| Total minimum lease payments | 36,182 | 6,769 |
| Less: amount representing interest | <u>(1,825)</u> | <u>(395)</u> |
| Present value of minimum lease payments | <u>\$34,357</u> | <u>\$6,374</u> |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 10 - LONG-TERM DEBT

A. General obligation bonds and Energy Conservation bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from a current .50 mill bonded debt tax levy for the 1977 bond issue, a current .94 mill bonded debt tax levy for the school improvement bonds, and from current operating revenue for the Energy Conservation bonds.

The following is a description of the District's bonds outstanding as of June 30, 1999:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Bonds Outstanding 06/30/98</u> | <u>Issued During 1999</u> | <u>Retired In 1999</u> | <u>Bonds Outstanding 06/30/1999</u> |
|--------------------|-----------------------|-------------------|----------------------|-----------------------------------|---------------------------|------------------------|-------------------------------------|
| School Building | | | | | | | |
| Bonds 1977 | 5.375% | 3/1/77 | 12/1/2000 | \$ 690,000 | | \$230,000 | \$ 460,000 |
| School Improvement | | | | | | | |
| Bonds | 4.250% | 3/1/99 | 12/1/2018 | | \$8,000,000 | | 8,000,000 |
| Energy | | | | | | | |
| Conservation Bonds | 5.135% | 9/1/94 | 6/1/2004 | <u>1,800,000</u> | | <u>300,000</u> | <u>1,500,000</u> |
| | | | | <u>\$2,490,000</u> | <u>\$8,000,000</u> | <u>\$530,000</u> | <u>\$9,960,000</u> |

B. Additionally, in 1993 the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The outstanding balance of the loan is reported in the General Long-Term Obligations Account Group. Payments are recorded as expenditures of the General Fund, from current operating revenue. The following schedule describes the loan:

| <u>Purpose</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Outstanding 06/30/98</u> | <u>Retired In 1999</u> | <u>Outstanding 06/30/99</u> |
|--------------------|----------------------|-------------------|----------------------|-----------------------------|------------------------|-----------------------------|
| Asbestos Abatement | None | 4/16/93 | 11/30/2012 | <u>\$382,274</u> | <u>\$26,364</u> | <u>\$355,910</u> |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 10 - LONG-TERM DEBT - (Continued)

C. Principal and interest requirements to retire general obligation bonds, energy conservation bonds, and the asbestos loan, outstanding at June 30, 1999, are as follows:

| Fiscal Year Ending June 30. | General Obligation Bonds | Energy Conservation Bonds | Asbestos Loan | Total |
|--------------------------------|--------------------------------|---------------------------------|------------------|---------------------|
| 2000 | \$ 831,017 | \$ 378,150 | \$ 26,364 | \$ 1,235,531 |
| 2001 | 855,509 | 362,550 | 26,364 | 1,244,423 |
| 2002 | 619,778 | 346,950 | 26,364 | 993,092 |
| 2003 | 619,448 | 331,350 | 26,364 | 977,162 |
| 2004 | 618,313 | 315,750 | 26,364 | 960,427 |
| 2005 - 2009 | 3,081,140 | | 131,820 | 3,212,960 |
| 2010 - 2014 | 3,063,779 | | 92,270 | 3,156,049 |
| 2015 - 2019 | <u>3,044,073</u> | | | <u>3,044,073</u> |
| Total | 12,733,057 | 1,734,750 | 355,910 | 14,823,717 |
| Less: Interest | <u>(4,273,057)</u> | <u>(234,750)</u> | <u>0</u> | <u>(4,507,807)</u> |
| Total | <u>\$8,460,000</u> | <u>\$1,500,000</u> | <u>\$355,910</u> | <u>\$10,315,910</u> |

D. During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 10 - LONG-TERM DEBT - (Continued)

| | Balance <u>July 1, 1998</u> | <u>Increase</u> | <u>Decrease</u> | Balance <u>June 30, 1999</u> |
|--|--------------------------------|------------------------|--------------------------|---------------------------------|
| Compensated Absences | \$1,732,253 | \$ 429,502 | \$ (459,182) | \$ 1,702,573 |
| Pension Obligation Payable | 232,172 | 269,623 | (232,172) | 269,623 |
| Asbestos Loan | 382,274 | | (26,364) | 355,910 |
| General Obligation Bonds | 690,000 | 8,000,000 | (230,000) | 8,460,000 |
| Energy Conservation Bonds | 1,800,000 | | (300,000) | 1,500,000 |
| Capital Leases | <u>89,916</u> | | <u>(55,559)</u> | <u>34,357</u> |
| Total General Long-Term Obligations | <u>4,926,615</u> | <u>8,699,125</u> | <u>(1,303,277)</u> | <u>12,322,463</u> |
| Enterprise Funds Capital Leases | <u>12,260</u> | | <u>(5,886)</u> | <u>6,374</u> |
| Total, All Long-Term Obligations | <u>\$4,938,875</u> | <u>\$8,699,125</u> | <u>\$(1,309,163)</u> | <u>\$12,328,837</u> |

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$49,530,132 (including available funds of \$361,618) and an unvoted debt margin of \$640,317.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 11 - NOTES PAYABLE

During fiscal year 1999, the District issued and retired \$3,170,000 in tax-anticipation note liability. The tax anticipation note was issued in anticipation of revenues from voted tax levies, in accordance with O.R.C. 5705.194. Proceeds have been used for general operating expenses of the District. The District also issued and retired a \$6,500,000 school improvement note during fiscal year 1999. This note is a general obligation of the District, for which the District's full faith and credit are pledged for repayment. Debt service activity for this note has been reported in the General fund, which received the proceeds upon issuance. Proceeds have been used for various school improvements. Debt service activity for this note has been reported in the Debt Service fund, which received the proceeds upon issuance.

The following is a description of the District's general obligation notes payable as of June 30, 1999:

| <u>Purpose</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Notes Outstanding 06/30/98</u> | <u>Additions In 1999</u> | <u>Retired In 1999</u> | <u>Notes Outstanding 06/30/99</u> |
|----------------------------|--------------------------|-----------------------|--------------------------|---|------------------------------|----------------------------|---|
| Tax Anticipation Note | 3.96% | 07/01/98 | 06/30/99 | \$ 0 | \$3,170,000 | \$3,170,000 | \$ 0 |
| School Improvement Note | 3.88% | 12/17/98 | 06/14/99 | 0 | 6,500,000 | 6,500,000 | 0 |
| Total | | | | \$ 0 | \$9,670,000 | \$9,670,000 | \$ 0 |

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with Commercial Union Insurance Company for property and general liability insurance. Commercial Union Insurance Company also covers boiler and machinery with a \$1,000,000 single occurrence limit and a \$1,000 deductible.

Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 annual aggregate/\$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance Company and hold a \$100 deductible for comprehensive and a \$500 deductible for 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 seventeen years.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 12 - RISK MANAGEMENT - (Continued)

For fiscal year 1999, the District participated in the OSBA GRP, an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. The workers' compensation experience of the participating school districts is calculated as one and a common premium rate is applied to all participants. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The District has elected to provide employee medical/surgical benefits through a self insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$300 family and \$150 single deductible. A third party administrator, Benefit Services, Incorporated, located in Copley, Ohio, reviews all claims which are then paid by the District. The District purchases stop-loss coverage of \$75,000 per employee per year, and \$2.183 million group aggregate for fiscal year 1999. The District pays into the self-insurance internal service fund \$307 family coverage or \$113 individual coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental coverage is also provided on a self-insured basis through Benefit Services, Incorporated. Premiums for this coverage are \$61 monthly for family coverage and \$22 for single coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The District also provides prescription drug insurance to its employees through a self-insured program. This plan utilizes a \$10 brand/\$3 generic prescription deductible. The third party administrator, PCS, Inc. of Scottsdale, Arizona reviews the claims, which are then paid by the District. The premium for this coverage is \$84 monthly on a composite basis.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of \$417,647 reported in the fund at June 30, 1999, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the current and past four fiscal years are as follows:

| | <u>Balance at Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claim Payments</u> | <u>Balance at End of Year</u> |
|------|---|--------------------------------|---------------------------|-----------------------------------|
| 1995 | \$384,508 | \$2,438,483 | \$(2,339,991) | \$483,000 |
| 1996 | 483,000 | 1,842,023 | (2,129,295) | 195,728 |
| 1997 | 195,728 | 2,371,771 | (2,326,498) | 241,001 |
| 1998 | 241,001 | 2,809,505 | (2,562,609) | 487,897 |
| 1999 | 487,897 | 3,106,693 | (3,176,943) | 417,647 |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains five Enterprise Funds to account for the operations of food service, adult education programs, uniform school supplies, consumer service and outdoor education programs. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the fiscal year ended June 30, 1999.

| | <u>Food Service</u> | <u>Adult Education</u> | <u>Uniform School Supplies</u> | <u>Consumer Service</u> | <u>Outdoor Education Program</u> | <u>Total</u> |
|--|-------------------------|----------------------------|--|-----------------------------|--|--------------|
| Operating Revenue | \$915,878 | \$10,538 | \$30,201 | \$9,846 | \$4,805 | \$971,268 |
| Depreciation | 16,756 | 4,241 | 2,118 | | | 23,115 |
| Operating Income (Loss) | (348,908) | (706) | (6,438) | (137) | 4,805 | (351,384) |
| Operating Grants | 269,225 | 1,105 | | | | 270,330 |
| Net Income (Loss) | (4,237) | (368) | (6,438) | (137) | 4,805 | (6,375) |
| Fixed Assets: Additions | 19,384 | | | | | 19,384 |
| Net Working Capital | 26,417 | 1,697 | 37,120 | 5,182 | 6,650 | 77,066 |
| Total Assets | 298,453 | 23,233 | 62,192 | 5,182 | 6,650 | 395,710 |
| Long-Term Liabilities Payable from Fund Revenues | 21,825 | 6,374 | | | | 28,199 |
| Total Liabilities | 109,111 | 7,421 | 1,823 | | | 118,355 |
| Contributed Capital | 208,659 | | | | | 208,659 |
| Total Equity | 189,342 | 15,812 | 60,369 | 5,182 | 6,650 | 277,355 |
| Encumbrances Outstanding as of 6/30/99 | 6,451 | | 12,000 | | | 18,451 |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$742,931, \$584,648 and \$567,389, respectively; 67.5 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$242,414, which represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$2,398,776, \$2,357,829, and \$2,238,817, respectively; 82.5 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$419,182, which represents the unpaid contribution for fiscal year 1999, 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, 1999, members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$599,694 during the 1999 fiscal year. As of July 1, 1998, eligible benefit recipients totaled 91,999. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$387,795 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental Funds are as follows:

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

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------------------------|----------------------------------|---------------------------------------|
| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Capital Projects Funds</u> |
| Budget Basis | \$(372,202) | \$(141,799) | \$219,530 | \$1,274,286 |
| Net Adjustment for Revenue Accruals | (70,525) | 83,882 | 14,517 | 16,079 |
| Net Adjustment for Expenditure Accruals | 2,771,897 | (53,087) | 6,499,903 | (933,496) |
| Net Adjustment for Other Financing Sources/(Uses) | (3,103,030) | (78,416) | (6,500,000) | (16,079) |
| Net Adjustment for Fund Reclassification | (3,258) | (28,635) | | |
| Adjustment for Encumbrances | <u>737,965</u> | <u>333,265</u> | <u> </u> | <u>6,121,988</u> |
| GAAP Basis | <u>\$ (39,153)</u> | <u>\$ 115,210</u> | <u>\$233,950</u> | <u>\$6,462,778</u> |

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 17 - CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$10,027,914 of school foundation total support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of June 30, 1999, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 17 - CONTINGENT LIABILITIES - (Continued)

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

NOTE 18 -YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System [EMIS]).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits and the State of Ohio Equipment Inventory System for its fixed assets accounting. The State is responsible for remediating these systems.

The Ohio Department of Education, Division of Information Management Services, State Software Development Team has addressed the status of the OECN State Software in regards to the compliance requirements for the year 2000. Their assessment is as follows:

- The payroll processing software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1997 release of USPS V4.0.
- The accounting software supported with the OECN State Software will be compliant with the Year 2000, beginning with the June 1998 release of USAS V6.1.
- The education management information system software supported with the OECN State Software will be compliant with the Year 2000 beginning with the September 1998 release of EMIS V1.7.

Summit County collects property taxes for distribution to the District. Summit County is responsible for remediating its tax collection system.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 18 - YEAR 2000 ISSUE - (Continued)

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

SUPPLEMENTAL DATA

**CUYAHOGA FALLS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE | CFDA NUMBER | PASS-THROUGH GRANT NUMBER | (C) CASH FEDERAL RECEIPTS | OTHER FEDERAL RECEIPTS | (C) CASH FEDERAL DISBURSEMENTS | OTHER FEDERAL DISBURSEMENTS |
|---|----------------|---------------------------------|------------------------------------|------------------------------|---|-----------------------------------|
| U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION: | | | | | | |
| Nutrition Cluster: | | | | | | |
| (A), (D) Food Distribution | 10.550 | N/A | | \$74,304 | | \$74,177 |
| (B), (D) National School Breakfast Program | 10.553 | N/A | \$5,785 | | \$5,785 | |
| (B), (D) National School Lunch Program | 10.555 | N/A | 208,071 | | 208,071 | |
| Total Nutrition Cluster | | | 213,856 | 74,304 | 213,856 | 74,177 |
| Total U. S. Department of Agriculture | | | 213,856 | 74,304 | 213,856 | 74,177 |
| U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE KENT CITY SCHOOL DISTRICT: | | | | | | |
| Adult Education - State Grant Program | 84.002 | AB-S1-98 | 0 | | 6,322 | |
| | 84.002 | AB-SJ-99 | 13,000 | | 12,503 | |
| Total Adult Education | | | 13,000 | | 18,825 | |
| PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION: | | | | | | |
| School To Work | 17.249 | 43836-WK-BE-00 | 62,183 | | 62,183 | |
| Title I Grants to Local Educational Agencies | 84.010 | 43836-C1-S1-97C | 0 | | 26,686 | |
| | 84.010 | 43836-C1-S1-98 | 43,177 | | 35,107 | |
| | 84.010 | 43836-C1-S1-99 | 431,809 | | 422,005 | |
| Total Title I | | | 474,986 | | 483,799 | |
| Special Education Cluster: | | | | | | |
| (E) Title VI-B - Education of the Handicapped Act | 84.027 | 43836-6B-S1-98 | 111,283 | | 215,286 | |
| | 84.027 | 43836-6B-SF-98P | 22,130 | | 36,827 | |
| | 84.027 | 43836-6B-II-98P | 16,665 | | 1,725 | |
| | 84.027 | 43836-6B-SL-99P | 785,788 | | 634,523 | |
| | 84.027 | 43836-6B-SF-99P | 320,866 | | 285,773 | |
| (E) Special Education | 84.173 | 43836-PG-S1-98P | 2,662 | | 5,122 | |
| | 84.173 | 43836-PG-S7-98 | 0 | | 2,752 | |
| | 84.173 | 43836-PG-S3-98P | 0 | | 35,899 | |
| | 84.173 | 43836-PG-S1-99P | 22,308 | | 18,159 | |
| | 84.173 | 43836-PG-S3-99P | 71,000 | | 36,876 | |
| | 84.173 | 43836-PG-S7-99 | 10,000 | | 7,373 | |
| Total Special Education Cluster | | | 1,362,702 | | 1,280,315 | |
| Handicapped Personnel Preparation | 84.029 | 43836-PD-A1-98 | 0 | | 3,998 | |
| Vocational Education - Basic Grants to States | 84.048 | 43836-20-C1-98 | 33,290 | | 26,263 | |
| | 84.048 | 43836-20-C1-99 | 194,340 | | 176,036 | |
| Total Vocational Education | | | 227,630 | | 202,299 | |
| Safe and Drug Free Schools - State Grants | 84.186 | 43836-DR-S1-97C | 0 | | 328 | |
| | 84.186 | 43836-DR-S1-98 | 6,105 | | 4,216 | |
| | 84.186 | 43836-DR-S1-99 | 30,098 | | 16,741 | |
| Total Safe and Drug Free Schools | | | 36,204 | | 21,285 | |
| GOALS 2000 | 84.276 | 43836-G2-S2-97C | 0 | | 3,430 | |
| Eisenhower Professional Development State Grants | 84.281 | 43836-MS-S1-97C | 0 | | 1,405 | |
| | 84.281 | 43836-MS-S1-99P | 22,917 | | 1,345 | |
| Total Eisenhower Professional Development | | | 22,917 | | 2,750 | |
| Innovative Education Program Strategies | 84.298 | 43836-C2-S1-98 | 0 | | 198 | |
| | 84.298 | 43836-C2-S1-99 | 27,076 | | 14,734 | |
| Total Innovative Education Program Strategies | | | 27,076 | | 14,932 | |
| PASSED THROUGH THE STATE LIBRARY OF OHIO: | | | | | | |
| Library Services and Technology Act | 45.310 | I-EE-98 | 52,726 | | 42,476 | |
| PASSED THROUGH THE SUMMIT COUNTY EDUCATIONAL SERVICE CENTER: | | | | | | |
| Local Innovation Challenge Grants for Technology in Education | 84.303 | 1997 | 4,757 | | 16,887 | |
| | 84.303 | 1998 | 27,881 | | 10,292 | |
| Total Technology Challenge Grant | | | 32,638 | | 27,179 | |
| Total U. S. Department of Education | | | 2,312,067 | | 2,163,476 | |
| Total Federal Financial Assistance | | | \$2,525,923 | \$74,304 | \$2,377,332 | \$74,177 |

- (A) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(B) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(C) This schedule was prepared on the cash basis of accounting.
(D) Included as part of "Nutrition Grant Cluster" in determining major programs.
(E) Included as part of "Special Education Cluster" in determining major programs.

TRIMBLE, JULIAN & GRUBE, INC.

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

Board of Education
Cuyahoga Falls City School District
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

We have audited the general purpose financial statements of Cuyahoga Falls City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated November 5, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cuyahoga Falls City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of Cuyahoga Falls City School District in a separate letter dated November 5, 1999.

This report is intended for the information and use of the management and Board of Cuyahoga Falls City School District, 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
November 5, 1998

TRIMBLE, JULIAN & GRUBE, INC.

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

Board of Education
Cuyahoga Falls City School District
431 Stow Avenue
Cuyahoga Falls, Ohio 44222

Compliance

We have audited the compliance of Cuyahoga Falls City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. Cuyahoga Falls City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Cuyahoga Falls City School District's management. Our responsibility is to express an opinion on Cuyahoga Falls City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cuyahoga Falls City School 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 Cuyahoga Falls City School District's compliance with those requirements.

In our opinion, Cuyahoga Falls City School 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, 1999.

Internal Control Over Compliance

The management of Cuyahoga Falls City School 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 Cuyahoga Falls City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the management and Board of Cuyahoga Falls City School District 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
November 5, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

CUYAHOGA FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY
June 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------------|---|-------------|
| <i>(d)(1)(I)</i> | <i>Type of Financial Statement Opinion</i> | Unqualified |
| <i>(d)(1)(ii)</i> | <i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(ii)</i> | <i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iii)</i> | <i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any material internal control weakness conditions reported for major federal programs?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i> | No |
| <i>(d)(1)(v)</i> | <i>Type of Major Programs' Compliance Opinion</i> | Unqualified |
| <i>(d)(1)(vi)</i> | <i>Are there any reportable findings under § .510?</i> | No |

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

| | | |
|---------------------|--|--|
| <i>(d)(1)(vii)</i> | <i>Major Program (list):</i> | Special Education Cluster: Title VI-B - Education of the Handicapped Act, CFDA #84.027; Special Education - Preschool Grants, CFDA #84.173 |
| <i>(d)(1)(viii)</i> | <i>Dollar Threshold: Type A/B Programs</i> | Type A: >\$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | <i>Low Risk Auditee?</i> | Yes |

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

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CUYAHOGA FALLS 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.

By: Susan Babbitt

Date: JANUARY 11, 2000