



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Fairview Park City School District
Cuyahoga County
20770 Lorain Road
Fairview Park, Ohio 44126

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fairview Park City School District, Cuyahoga County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 December 22, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 22, 2000

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FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,499,676	\$ 379,352	\$ 529,332	\$ 393,816
Restricted Assets	438,169	0	0	0
Cash with Fiscal Agent	0	0	0	0
Cash in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	13,196,250	0	522,058	0
Accounts	31,692	0	0	0
Intergovernmental	0	0	0	0
Interfund	198,500	0	0	0
Materials and Supplies Inventory	0	0	0	0
Fixed Assets (Net, where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt				
Service Fund	0	0	0	0
Amount to be Provided for Benefits	0	0	0	0
Amount to be Provided for Capital Leases	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$ 16,364,287</u>	<u>\$ 379,352</u>	<u>\$ 1,051,390</u>	<u>\$ 393,816</u>

See the accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u>
<u>Enterprise</u>	<u>Internal</u>	<u>Trust</u>	<u>General</u>	<u>General</u>	<u>(Memorandum</u>
	<u>Service</u>	<u>And Agency</u>	<u>Fixed Assets</u>	<u>Long-Term</u>	<u>Only)</u>
				<u>Obligations</u>	
\$ 128,371	\$ 617,099	\$ 707,766	\$ 0	\$ 0	\$ 5,255,412
0	0	0	0	0	438,169
0	2,954	0	0	0	2,954
0	0	849	0	0	849
0	0	0	0	0	13,718,308
26,713	0	0	0	0	58,405
5,656	0	0	0	0	5,656
0	0	0	0	0	198,500
8,816	0	0	0	0	8,816
27,441	0	0	19,043,133	0	19,070,574
0	0	0	0	567,424	567,424
0	0	0	0	4,394,656	4,394,656
0	0	0	0	1,736	1,736
0	0	0	0	4,142,569	4,142,569
<u>\$ 196,997</u>	<u>\$ 620,053</u>	<u>\$ 708,615</u>	<u>\$ 19,043,133</u>	<u>\$ 9,106,385</u>	<u>\$ 47,864,028</u>

(Continued)

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 (CONTINUED)
 JUNE 30, 2000

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 149,270	\$ 64,631	\$ 0	\$ 50,713
Accrued Wages and Benefits	1,170,100	11,405	0	0
Compensated Absences Payable	25,252	0	0	0
Claims Payable	38,131	0	0	0
Deferred Revenue	12,433,296	0	483,966	0
Interfund Payable	0	17,500	0	152,000
Intergovernmental Payable	241,926	1,617	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Lease Obligation Payable	0	0	0	0
Total Liabilities	14,057,975	95,153	483,966	202,713
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Budget Stabilization	326,773	0	0	0
Reserved for Textbook Subsidy	111,396	0	0	0
Reserved for Encumbrances	560,590	58,578	0	40,421
Reserved for Property Taxes	762,954	0	38,092	0
Unreserved:				
Designated for Future Debt				
Service Requirements	0	0	529,332	0
Undesignated	544,599	225,621	0	150,682
Total Fund Equity and Other Credits	2,306,312	284,199	567,424	191,103
Total Liabilities, Fund Equity and Other Credits	\$ 16,364,287	\$ 379,352	\$ 1,051,390	\$ 393,816

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>(Memorandum Only)</u>
\$ 21,898	\$ 0	\$ 5,838	\$ 0	\$ 0	\$ 292,350
4,700	0	0	0	0	1,186,205
99,599	0	0	0	4,298,367	4,423,218
0	251,232	0	0	0	289,363
0	0	0	0	0	12,917,262
29,000	0	0	0	0	198,500
29,644	0	613,232	0	96,289	982,708
0	0	61,560	0	0	61,560
0	0	0	0	4,709,993	4,709,993
0	0	0	0	1,736	1,736
<u>184,841</u>	<u>251,232</u>	<u>680,630</u>	<u>0</u>	<u>9,106,385</u>	<u>25,062,895</u>
0	0	0	19,043,133	0	19,043,133
12,156	368,821	0	0	0	380,977
0	0	0	0	0	326,773
0	0	0	0	0	111,396
0	0	5,609	0	0	665,198
0	0	0	0	0	801,046
0	0	0	0	0	529,332
0	0	22,376	0	0	943,278
<u>12,156</u>	<u>368,821</u>	<u>27,985</u>	<u>19,043,133</u>	<u>0</u>	<u>22,801,133</u>
<u>\$ 196,997</u>	<u>\$ 620,053</u>	<u>\$ 708,615</u>	<u>\$ 19,043,133</u>	<u>\$ 9,106,385</u>	<u>\$ 47,864,028</u>

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 AND SIMILAR TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	(Memorandum Only)
Revenues						
Taxes	\$ 10,852,980	\$ 0	\$ 503,694	\$ 0	\$ 0	\$ 11,356,674
Intergovernmental	3,719,338	902,765	74,547	78,942	0	4,775,592
Interest	335,601	0	0	0	0	335,601
Tuition and Fees	97,470	13,281	0	0	8,090	118,841
Extracurricular Activities	0	234,824	0	0	17,860	252,684
Transportation Fees	180	24,641	0	0	0	24,821
Miscellaneous	156,046	24,164	0	0	123	180,333
Total Revenues	15,161,615	1,199,675	578,241	78,942	26,073	17,044,546
Expenditures						
Current:						
Instruction:						
Regular	7,292,431	186,518	0	34,134	12,231	7,525,314
Special	1,263,702	251,229	0	0	0	1,514,931
Vocational	321,662	0	0	0	0	321,662
Other	52,367	0	0	0	0	52,367
Support Services:						
Pupils	864,823	14,350	0	0	0	879,173
Instructional Staff	661,518	43,725	0	0	0	705,243
Board of Education	16,529	0	0	0	0	16,529
Administration	1,102,174	0	0	0	0	1,102,174
Fiscal	475,479	0	0	0	0	475,479
Business	26,818	0	0	0	0	26,818
Operation and Maintenance of Plant	1,676,293	0	0	242,267	0	1,918,560
Pupil Transportation	431,816	2,496	0	0	0	434,312
Central	33,512	4,128	0	0	0	37,640
Operation of Non-Instructional Services:						
Community Service	1,748	508,754	0	0	20,281	530,783
Food Service	0	16	0	0	0	16
Extracurricular Activities	452,091	161,973	0	0	0	614,064
Debt Service:						
Principal Retirement	10,613	0	440,000	2,366	0	452,979
Interest and Fiscal Charges	253	0	228,449	49	0	228,751
Total Expenditures	14,683,829	1,173,189	668,449	278,816	32,512	16,836,795
Excess of Revenues Over (Under) Expenditures	477,786	26,486	(90,208)	(199,874)	(6,439)	207,751
Other Financing Sources (Uses)						
Operating Transfers In	0	27,560	106,223	100,000	0	233,783
Operating Transfers Out	(233,783)	0	0	0	0	(233,783)
Total Other Financing Sources (Uses)	(233,783)	27,560	106,223	100,000	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	244,003	54,046	16,015	(99,874)	(6,439)	207,751
Fund Balances - Beginning of Year	2,062,309	230,153	551,409	290,977	34,424	3,169,272
Fund Balances - End of Year	\$ 2,306,312	\$ 284,199	\$ 567,424	\$ 191,103	\$ 27,985	\$ 3,377,023

See accompanying notes to the general purpose financial statements.

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

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 11,639,996	\$ 11,490,139	\$ (149,857)
Intergovernmental	3,524,333	3,478,960	(45,373)
Interest	339,978	335,601	(4,377)
Classroom Materials and Fees	91,776	90,594	(1,182)
Tuition and Fees	6,966	6,876	(90)
Extracurricular Activities	0	0	0
Transportation Fees	182	180	(2)
Miscellaneous	125,462	123,847	(1,615)
Total Revenues	15,728,693	15,526,197	(202,496)
Expenditures			
Current:			
Instruction:			
Regular	7,349,607	7,346,199	3,408
Special	1,465,604	1,456,591	9,013
Vocational	337,269	335,864	1,405
Other	64,479	58,632	5,847
Support Services:			
Pupils	872,456	864,378	8,078
Instructional Staff	723,242	720,994	2,248
Board of Education	18,545	17,599	946
Administration	1,189,820	1,188,120	1,700
Fiscal	487,908	485,272	2,636
Business	62,586	60,553	2,033
Operation and Maintenance of Plant	1,921,098	1,898,701	22,397
Pupil Transportation	547,955	538,408	9,547
Central	35,374	35,175	199
Operation of Non-Instructional Services:			
Community Services	501	0	501
Food Service Operations	43,769	0	43,769
Extracurricular Activities:			
Academic Oriented	0	0	0
Sports Oriented	101,891	100,343	1,548
Co-Curricular	356,000	355,250	750
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	15,578,104	15,462,079	116,025
Excess of Revenues Over (Under) Expenditures	150,589	64,118	(86,471)
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	(356,330)	(233,783)	122,547
Advances In	160,500	160,500	0
Advances Out	(250,000)	(198,500)	51,500
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	1,737	1,737	0
Total Other Financing Sources (Uses)	(444,093)	(270,046)	174,047
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(293,504)	(205,928)	87,576
Fund Balances - Beginning of Year	1,496,026	1,496,026	0
Prior Year Encumbrances Appropriated	571,749	571,749	0
Fund Balances - End of Year	\$ 1,774,271	\$ 1,861,847	\$ 87,576

See accompanying notes to the general purpose financial statements.

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

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	892,350	902,765	10,415
Interest	0	0	0
Classroom Materials and Fees	13,281	13,281	0
Tuition and Fees	0	0	0
Extracurricular Activities	234,826	234,824	(2)
Transportation Fees	24,641	24,641	0
Miscellaneous	24,164	24,164	0
Total Revenues	<u>1,189,262</u>	<u>1,199,675</u>	<u>10,413</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	255,931	212,050	43,881
Special	246,603	234,591	12,012
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	22,902	14,472	8,430
Instructional Staff	74,678	49,345	25,333
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	1,996	2,496	(500)
Central	18,404	5,962	12,442
Operation of Non-Instructional Services:			
Community Service	623,195	565,349	57,846
Food Service Operations	0	0	0
Extracurricular Activities:			
Academic Oriented	29,941	13,407	16,534
Sports Oriented	113,851	137,487	(23,636)
Co-Curricular	10,688	2,961	7,727
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,398,189</u>	<u>1,238,120</u>	<u>160,069</u>
Excess of Revenues Over (Under) Expenditures	<u>(208,927)</u>	<u>(38,445)</u>	<u>170,482</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	27,560	27,560	0
Operating Transfers Out	0	0	0
Advances In	17,500	17,500	0
Advances Out	(136,000)	(136,000)	0
Refunds of Prior Year Receipts	(21,881)	(21,718)	163
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>(112,821)</u>	<u>(112,658)</u>	<u>163</u>
Excess of Revenue and Other Financing Sources			
Over(Under) Expenditures and Other Financing Uses	(321,748)	(151,103)	170,645
Fund Balances - Beginning of Year	246,144	246,144	0
Prior Year Encumbrances Appropriated	173,301	173,301	0
Fund Balances - End of Year	<u><u>\$ 97,697</u></u>	<u><u>\$ 268,342</u></u>	<u><u>\$ 170,645</u></u>

See accompanying notes to the general purpose financial statements.

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

	<u>DEBT SERVICE FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 533,490	\$ 535,492	\$ 2,002
Intergovernmental	74,268	74,547	279
Interest	0	0	0
Classroom Materials and Fees	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Transportation Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>607,758</u>	<u>610,039</u>	<u>2,281</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services:			
Community Services	0	0	0
Food Service Operations	0	0	0
Extracurricular Activities:			
Academic Oriented	0	0	0
Sports Oriented	0	0	0
Co-Curricular	0	0	0
Debt Service:			
Principal Retirement	782,774	440,000	342,774
Interest and Fiscal Charges	228,449	228,449	0
Total Expenditures	<u>1,011,223</u>	<u>668,449</u>	<u>342,774</u>
Excess of Revenues Over (Under) Expenditures	<u>(403,465)</u>	<u>(58,410)</u>	<u>345,055</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	106,223	106,223	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Refunds of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>106,223</u>	<u>106,223</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(297,242)</u>	<u>47,813</u>	<u>345,055</u>
Fund Balances - Beginning of Year	470,297	470,297	0
Prior Year Encumbrances Appropriated	11,222	11,222	0
Fund Balances - End of Year	<u><u>\$ 184,277</u></u>	<u><u>\$ 529,332</u></u>	<u><u>\$ 345,055</u></u>

See accompanying notes to the general purpose financial statements.

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

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	32,508	78,942	46,434
Interest	0	0	0
Classroom Materials and Fees	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Transportation Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>32,508</u>	<u>78,942</u>	<u>46,434</u>
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	38,388	34,134	4,254
Special	0	0	0
Vocational	2,369	0	2,369
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	117,432	4,879	112,553
Operation and Maintenance of Plant	410,719	287,517	123,202
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services:			
Community Services	0	0	0
Food Service Operations	0	0	0
Extracurricular Activities:			
Academic Oriented	0	0	0
Sports Oriented	0	0	0
Co-Curricular	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>568,908</u>	<u>326,530</u>	<u>242,378</u>
Excess of Revenues Over (Under) Expenditures	<u>(536,400)</u>	<u>(247,588)</u>	<u>288,812</u>
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	100,000	100,000	0
Operating Transfers Out	0	0	0
Advances In	152,000	152,000	0
Advances Out	0	0	0
Refunds of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>252,000</u>	<u>252,000</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(284,400)</u>	<u>4,412</u>	<u>288,812</u>
Fund Balances - Beginning of Year	215,632	215,632	0
Prior Year Encumbrances Appropriated	82,640	82,640	0
Fund Balances - End of Year	<u><u>\$ 13,872</u></u>	<u><u>\$ 302,684</u></u>	<u><u>\$ 288,812</u></u>

See accompanying notes to the general purpose financial statements.

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

	TOTALS (MEMORANDUM ONLY)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 12,173,486	\$ 12,025,631	\$ (147,855)
Intergovernmental	4,523,459	4,535,214	11,755
Interest	339,978	335,601	(4,377)
Classroom Materials and Fees	105,057	103,875	(1,182)
Tuition and Fees	6,966	6,876	(90)
Extracurricular Activities	234,826	234,824	(2)
Transportation Fees	24,823	24,821	(2)
Miscellaneous	149,626	148,011	(1,615)
Total Revenues	17,558,221	17,414,853	(143,368)
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	7,643,926	7,592,383	51,543
Special	1,712,207	1,691,182	21,025
Vocational	339,638	335,864	3,774
Other	64,479	58,632	5,847
Support Services:			
Pupils	895,358	878,850	16,508
Instructional Staff	797,920	770,339	27,581
Board of Education	18,545	17,599	946
Administration	1,189,820	1,188,120	1,700
Fiscal	487,908	485,272	2,636
Business	180,018	65,432	114,586
Operation and Maintenance of Plant	2,331,817	2,186,218	145,599
Pupil Transportation	549,951	540,904	9,047
Central	53,778	41,137	12,641
Operation of Non-Instructional Services:			
Community Services	623,696	565,349	58,347
Food Service Operations	43,769	0	43,769
Extracurricular Activities:			
Academic Oriented	29,941	13,407	16,534
Sports Oriented	215,742	237,830	(22,088)
Co-Curricular	366,688	358,211	8,477
Debt Service:			
Principal Retirement	782,774	440,000	342,774
Interest and Fiscal Charges	228,449	228,449	0
Total Expenditures	18,556,424	17,695,178	861,246
Excess of Revenues Over(Under) Expenditures	(998,203)	(280,325)	717,878
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	233,783	233,783	0
Operating Transfers Out	(356,330)	(233,783)	122,547
Advances In	330,000	330,000	0
Advances Out	(386,000)	(334,500)	51,500
Refund of Prior Year Receipts	(21,881)	(21,718)	163
Refund of Prior Year Expenditures	1,737	1,737	0
Total Other Financing Sources (Uses)	(198,691)	(24,481)	174,210
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,196,894)	(304,806)	892,088
Fund Balances - Beginning of Year	2,428,099	2,428,099	0
Prior Year Encumbrances Appropriated	838,912	838,912	0
Fund Balances - End of Year	\$ 2,070,117	\$ 2,962,205	\$ 892,088

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise Funds</u>	<u>Internal Service</u>	(Memorandum Only)
<u>Operating Revenues</u>			
Tuition and Fees	\$ 22,913	\$ 0	\$ 22,913
Extracurricular Activities	79,798	0	79,798
Charges for Services	585,792	1,101,506	1,687,298
Miscellaneous	737	0	737
Total Operating Revenues	<u>689,240</u>	<u>1,101,506</u>	<u>1,790,746</u>
<u>Operating Expenses</u>			
Salaries and Wages	454,629	0	454,629
Fringe Benefits	89,448	66,986	156,434
Contractual Services	67,655	849,464	917,119
Materials and Supplies	214,783	0	214,783
Depreciation	4,403	0	4,403
Capital Outlay	8,468	0	8,468
Other	1,023	23,566	24,589
Total Operating Expenses	<u>840,409</u>	<u>940,016</u>	<u>1,780,425</u>
Operating Income (Loss)	<u>(151,169)</u>	<u>161,490</u>	<u>10,321</u>
<u>Non-Operating Revenues (Expenses)</u>			
Operating Grants	36,725	0	36,725
Total Non-Operating Revenues (Expenses)	<u>36,725</u>	<u>0</u>	<u>36,725</u>
Net Income (Loss)	<u>(114,444)</u>	<u>161,490</u>	<u>47,046</u>
Retained Earnings-Beginning of Year	<u>126,600</u>	<u>207,331</u>	<u>333,931</u>
Total Retained Earnings - End of Year	<u><u>\$ 12,156</u></u>	<u><u>\$ 368,821</u></u>	<u><u>\$ 380,977</u></u>

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Proprietary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>(Memorandum Only)</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Operations	\$ 679,548	\$ 1,101,506	\$ 1,781,054
Cash Paid to Employees for Services	(425,342)	0	(425,342)
Cash Paid for Employee Benefits	(86,837)	(66,986)	(153,823)
Cash Paid to Suppliers for Goods and Services	(271,511)	(845,148)	(1,116,659)
Cash Payments for Other Activities	(1,023)	(23,566)	(24,589)
Cash Received from Quasi-External Operating Transactions	29,000	0	29,000
Cash Payments for Quasi-External Operating Transactions	(24,500)	0	(24,500)
Net Cash Provided by Operating Activities	(100,665)	165,806	65,141
<u>Cash Flows from Non-Capital Financing Activities</u>			
Cash from Grants	35,969	0	35,969
Net Cash Provided by Non-Capital Financing Activities	35,969	0	35,969
Net Increase in Cash and Cash Equivalents	(64,696)	165,806	101,110
Cash and Cash Equivalents - Beginning of Year	193,067	454,247	647,314
Cash and Cash Equivalents - End of Year	\$ 128,371	\$ 620,053	\$ 748,424
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>			
Operating Income (Loss)	\$ (151,169)	\$ 161,490	\$ 10,321
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities</u>			
Depreciation Expense	4,403	0	4,403
(Increase) Decrease in Assets:			
Accounts Receivable	(9,692)	0	(9,692)
Inventory Held for Resale	1,810	0	1,810
Increase (Decrease) in Liabilities:			
Accounts Payable	17,585	(1,664)	15,921
Accrued Wages and Benefits	(711)	0	(711)
Claims Payable	0	5,980	5,980
Intergovernmental Payable	2,597	0	2,597
Compensated Absences	30,012	0	30,012
Interfund Payable	4,500	0	4,500
Total Adjustments	50,504	4,316	54,820
Net Cash Provided by Operating Activities	\$ (100,665)	\$ 165,806	\$ 65,141

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 1: **DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

Reporting Entity

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

Non-Public Schools - Within the District's boundaries, the elementary schools of St. Angela Merici and Messiah Lutheran, and Murton's Child Development Center operate as non-public schools. Current State legislation provides funding to these schools. These monies are received and distributed on behalf of the schools by the Treasurer of the Fairview Park City School District as directed by the schools. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

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

The District is associated with three jointly governed organizations and one insurance purchasing pool. These organizations are the Polaris Career Center, the Lake Erie Educational Computer Association, the Ohio Schools' Council Association, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

Governmental Fund Types

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Governmental Fund Types (Continued)

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

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

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

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

Proprietary Fund Types

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Proprietary Fund Types (Continued)

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are 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.

Account Groups

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants, and student fees.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

C. **Budgetary Process**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Budgetary Process** (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures for the general fund and fund level for all other funds, which are the District's legal

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Budgetary Process** (Continued)

Appropriations (Continued)

levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances

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

Lapsing of Appropriations

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2000, investments were limited to STAROhio, the State Treasurer's Investment pool. All investments of the District had a maturity of one year or less. Investments are reported at fair value, which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$335,601, which includes \$152,077 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than 3 months that are not purchased from the pool are reported as investments.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to reflect statutory restrictions on their use. By statute, money must be set aside to create a textbook subsidy reserve and a budget stabilization reserve. The reserve for budget stabilization also includes a refund received in fiscal year 1998 from the Bureau of Workers' Compensation, which State statute required to be included in this reserve. See Note 22 for the calculations of the year-end restricted asset balance and the corresponding fund balance reserves.

F. **Inventory**

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consists of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. **Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. **Intergovernmental Revenues**

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

The District currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Preschool
- Auxiliary Services
- Education Management Information Systems
- Title I
- Title II - Eisenhower Professional Development
- Title VI-B
- Drug-Free Schools
- Teacher Development
- School Net Professional Development
- Ohio Reads Grant
- Title VI-R
- Data Communications Support

Capital Projects Funds

- School Net Plus
- Vocational Education
- Power Up

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. **Intergovernmental Revenues** (Continued)

Grants and entitlements amounted to approximately 28 percent of the District's operating revenue during the 2000 fiscal year.

I. **Compensated Absences**

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

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified, certified, and administrative employees after seven years of current service with the District.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after year end are generally considered not to have been paid with current available financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.

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

K. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, budget stabilization, and textbook subsidy. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

L. 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.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

M. Total Columns on General Purpose Financial Statements

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

NOTE 3: **COMPLIANCE AND ACCOUNTABILITY**

Deficit Retained Earnings/Fund Balance

Deficit retained earnings include the Food Service Fund of \$55,039; the Uniform School Supply Fund of \$642; and the Swimming Pool Fund of \$11,127.

The EHA Preschool Grants Fund has a deficit fund balance in the amount of \$5,814 and the Power Up Fund has a deficit fund balance in the amount of \$81,952.

The above deficits result from the recognition of expenditures on the modified accrual basis of accounting that are greater than expenditures recognized on the budgetary basis.

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING** (Continued)

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	\$ 244,003	\$ 54,046	\$ 16,015	\$ (99,874)
Net Adjustments for Revenue Accruals	526,819	17,500	31,798	152,000
Net Adjustments for Expenditure Accruals	(266,890)	(111,637)	0	43,419
Adjustments for Encumbrances	(709,860)	(111,012)	0	(91,133)
Budget Basis	<u>\$ (205,928)</u>	<u>\$ (151,103)</u>	<u>\$ 47,813</u>	<u>\$ 4,412</u>

NOTE 5: **DEPOSITS 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

4. Bonds or other obligations of the State of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or division (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. Historically, the District has not purchased these types of investments or issued these types of notes. 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 investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits

At June 30, 2000, the carrying amount of the District's deposits was \$741,725 and the bank balance was \$1,259,336. Of the bank balance, \$100,974 was covered by Federal Depository Insurance and \$1,158,362 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

GASB Statement No. 3 requires the District's investments be categorized to give an indication of the level of risk assumed by the District at fiscal 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 which 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.

The District invested in the State Treasury Asset Reserve of Ohio (STAROhio) during the 1999-2000 fiscal year. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for at June 30, 2000. STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Carrying Value	Fair Value
STAROhio (Uncategorized)	\$ 4,955,659	\$ 4,955,659
Totals	\$ 4,955,659	\$ 4,955,659

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash	
	Equivalents	Investments
GASB Statement 9	\$ 5,697,384	\$ 0
Investments:		
STAROhio	(4,955,659)	4,955,659
 GASB Statement 3	\$ 741,725	\$ 4,955,659

Included in the carrying amount above is cash with fiscal agents of \$2,954 and cash in segregated accounts of \$849. The District maintains petty cash of \$2,335.

NOTE 6: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value listed as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to financial fiscal year 2001.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 6: **PROPERTY TAXES** (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at 35 percent of true value. Public utility property taxes for 2000 are levied after April 1, 2000 on the assessed value listed as of December 31, 1999, the lien date, and are collected in 2000 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 2000 on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

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

	1999		2000	
	<u>Second Half Collections</u>		<u>First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 294,268,280	95.52%	\$ 297,965,820	95.24%
Public Utility	8,544,650	2.77%	8,815,330	2.82%
Tangible Personal Property	5,269,534	1.71%	6,079,840	1.94%
Total Assessed Value	<u>\$ 308,082,464</u>	<u>100.00%</u>	<u>\$ 312,860,990</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 76.20		\$ 76.20	

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 6: **PROPERTY TAXES** (Continued)

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$801,046 and is recognized as revenue. \$762,954 was available to the general fund, and \$38,092 was available to the bond retirement fund.

NOTE 7: **RECEIVABLES**

Receivables at June 30, 2000 consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Enterprise Fund	
National School Lunch Program	\$ 5,656
Total Intergovernmental Receivables	\$ 5,656

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 8: **FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land Improvements	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Building and Improvements	4,433	0	0	4,433
Furniture and Equipment	103,985	0	0	103,985
Less Accumulated Depreciation	(80,574)	(4,403)	0	(84,977)
Net Fixed Assets	<u>\$ 31,844</u>	<u>\$ (4,403)</u>	<u>\$ 0</u>	<u>\$ 27,441</u>

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

<u>Asset Category</u>	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$ 1,130,124	\$ 0	\$ 0	\$ 1,130,124
Building and Improvements	14,170,939	19,695	0	14,190,634
Furniture, Fixtures and Equipment	2,656,705	303,972	0	2,960,677
Vehicles	761,698	0	0	761,698
Total General Fixed Assets	<u>\$ 18,719,466</u>	<u>\$ 323,667</u>	<u>\$ 0</u>	<u>\$ 19,043,133</u>

NOTE 9: **RISK MANAGEMENT**

A. **Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees and natural disasters. In order to minimize these components of risk, the District has obtained a number of insurance packages.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 9: **RISK MANAGEMENT** (Continued)

A. **Property and Liability** (Continued)

The Indiana Insurance Company, through the Ohio Schools' Council, provides building and personal property insurance as well as commercial inland marine insurance. The Indiana Insurance Company, through the Ohio Schools' Council, also provides public employee dishonesty coverage (commercial crime coverage). The Travelers Insurance Company, through the Ohio Schools' Council, provides boiler and machinery insurance. The Nationwide Insurance Company, through the Ohio Schools' Council, provides commercial general liability insurance, employer's liability insurance, employee benefits liability insurance, automobile liability insurance, and uninsured motorists insurance.

The Nationwide Agribusiness Insurance Company maintains both a \$50,000 public official bond for the Superintendent and a \$50,000 public official bond for the Board of Education President. A \$100,000 public official bond for the Treasurer is maintained by Wausau Insurance Company. Other employees handling money are also covered by performance bonds provided by Nationwide Mutual Insurance Company.

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Indiana Insurance	Building and Contents (\$1,000 deductible)	\$36,589,907
Travelers Insurance	Boiler and Machinery (\$1,000 deductible)	30,000,000
Indiana Insurance	Inland Marine (\$250 deductible)	842,944
Indiana Insurance	Crime Insurance (\$1,000 deductible)	250,000
Coregis Insurance	Automobile Liability (\$1,000 deductible)	2,000,000
Coregis Insurance	Uninsured Motorists (\$1,000 deductible)	2,000,000
Nationwide Agribusiness Insurance	General Liability (per occurrence)	1,000,000
Nationwide Agribusiness Insurance	General Liability (total per year)	5,000,000

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 9: **RISK MANAGEMENT** (Continued)

B. Worker's Compensation

The District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool for calendar year 2000 (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Insurance Benefits

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool in which monthly payments are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$251,232 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses (GASB 30). Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$ 233,293	\$ 584,438	\$(555,036)	\$ 262,695
1999	\$ 262,695	\$ 777,561	\$(795,004)	\$ 245,252
2000	\$ 245,252	\$ 840,560	\$ 834,580	\$ 251,232

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 10: 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 defined benefit pension plan. SERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. 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 an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations, with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$320,800, \$318,338, and \$364,600, respectively; 61 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$124,818 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. **State Teachers Retirement System** (Continued)

For the fiscal year ended June 30, 2000 plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$1,103,746, \$1,098,706, and \$1,104,100, respectively. 77 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$255,103, representing the unpaid contribution for fiscal year 2000, 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, 2000, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11: **POSTEMPLOYMENT BENEFITS**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 11: **POSTEMPLOYMENT BENEFITS** (Continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of 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. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$630,712 for the fiscal year 2000. STRS pays health care benefits from the Health Care Reserve fund. The balance in the fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits.

For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$226,682 during the 2000 fiscal year. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of asset target level for the Health Care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 12: **EMPLOYEE BENEFITS**

A. **Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws.

Vacation Leave

Only administrative and school support personnel accumulate annual vacation leave. Accumulated unused vacation time is paid upon termination of employment. School support personnel accumulate annual vacation leave as follows:

<u>Completed Service</u>	<u>Vacation Leave</u>
After 1 year	2 weeks
6 thru 9 years	3 weeks
10 thru 24 years	4 weeks
25 or more years	5 weeks

Administrative personnel accumulate 20 days vacation leave. As of June 30, 2000, the District recorded, as a fund liability, a vacation leave liability of \$20,648 and \$40,348 in the General Long-Term Obligation Account Group.

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 40 days. After seven years, an employee is paid a severance benefit equal to 25 percent of the value of their accumulated sick leave, calculated at current wage rates, upon retirement with the balance being forfeited.

In place of the "1/4 and 40 day" limitation, employees who meet the eligibility requirements for retirement with either: **a)** twenty-five years of service and age 55 or over, **b)** five years of service and age 60 or over, or **c)** any age with thirty years of service shall be eligible for an extended severance pay benefit. This extended severance pay benefit shall be equal to the employee's daily rate of pay times 100 percent of the employee's first 165 days for certified and 145 days for non-certified of accrued but unused sick leave. As of June 30, 2000, the District recorded \$94,789 as a fund liability and \$3,808,948 in the general long-term obligations account group for sick pay-related severance benefits.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 13: LONG-TERM OBLIGATIONS

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

	<u>Principal Outstanding 6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/00</u>
Energy Improvement Bonds				
1991 - 6.33%	\$ 345,000	\$ 0	\$ 95,000	\$ 250,000
Library Improvement Bonds				
1995 - 5.53%	4,804,993	0	345,000	4,459,993
Total Long-Term Bonds	<u>5,149,993</u>	<u>0</u>	<u>440,000</u>	<u>4,709,993</u>
Pension Obligation	94,052	96,289	94,052	96,289
Compensated Absences	3,826,578	471,789	0	4,298,367
Capital Lease Obligation	14,715	0	12,979	1,736
Total General Long- Term Obligations	<u><u>\$ 9,085,338</u></u>	<u><u>\$ 568,078</u></u>	<u><u>\$ 547,031</u></u>	<u><u>\$ 9,106,385</u></u>

All bonds outstanding are general obligations of the District to 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 obligation account group. Payments of principal and interest relating to the liabilities of the energy improvement and library improvement bonds are recorded as expenditures in the debt service fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. The capital leases will be accounted for in the general long-term debt account group and paid from the general fund and capital projects fund.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 13: **LONG-TERM OBLIGATIONS** (Continued)

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

Year Ending June 30	Principal	Interest	Total
2001	\$ 475,000	\$ 206,663	\$ 681,663
2002	440,000	184,054	624,054
2003	320,000	165,723	485,723
2004	147,109	346,414	493,523
2005	138,633	354,889	493,522
2006-2010	1,559,251	864,333	2,423,584
2011-2014	1,630,000	167,476	1,797,476
	<u>\$ 4,709,993</u>	<u>\$ 2,289,552</u>	<u>\$ 6,999,545</u>

NOTE 14: **CAPITAL LEASES**

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the general fixed asset account group and the general long-term debt account group, respectively. The assets under the capital leases totaled \$330,655 at June 30, 2000. The leases are in effect through 2002.

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

Year Ending June 30	Amount
2001	\$ 1,194
2002	596
Total Minimum Lease Payment	<u>1,790</u>
Less: Amount Representing Interest	(54)
Net Present Value of Minimum Lease Payments	<u>\$ 1,736</u>

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000
 (CONTINUED)

NOTE 15: **OPERATING LEASE**

The District is obligated under a certain lease accounted for as an operating lease through COMDOC. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreement are not reflected in the District's account group. During fiscal year 2000, expenditures for the operating lease totaled \$82,297.

The following is a schedule of future minimum lease payments as of June 30, 2000:

Year Ending June 30	Lease Payment
2001	\$ 82,297
2002	82,297
2003	13,716
Total	\$ 178,310

NOTE 16: **INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2000 consists of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 198,500	\$ 0
Special Revenue:		
Preschool	0	9,500
Drug Free Schools	0	8,000
Total Special Revenue	0	17,500
Capital Projects:		
Power Up	0	152,000
Total Capital Projects	0	152,000
Enterprise:		
Food Service	0	20,000
Uniform School Supply	0	9,000
Total Enterprise	0	29,000
Total All Funds	\$ 198,500	\$ 198,500

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 17: **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains six enterprise funds to account for the operations of food service, uniform school supplies, day care center, adult education, swimming pool, and summer school consortium. Segment information related to these follows:

	Food Service	Uniform School Supplies	Day Care	Adult Education	Swimming Pool	Summer School	Total
Operating Revenues	\$ 198,005	\$ 11,558	\$ 470,884	\$ 0	\$ 7,130	\$ 1,663	\$ 689,240
Operating Expenses							
before Depreciation	243,795	18,088	555,959	0	13,364	4,800	836,006
Depreciation Expense	95	0	4,308	0	0	0	4,403
Operating Income (Loss)	(45,885)	(6,530)	(89,383)	0	(6,234)	(3,137)	(151,169)
Operating Grants	36,725	0	0	0	0	0	36,725
Operating Transfers In	0	0	0	0	0	0	0
Net Income (Loss)	(9,160)	(6,530)	(89,393)	0	(6,234)	(3,137)	(114,444)
Fixed Assets Additions	0	0	0	0	0	0	0
Net Working Capital	(55,501)	(642)	48,057	1,108	(11,127)	2,820	(15,285)
Total Assets	20,228	8,358	160,982	1,108	2,664	3,657	196,997
Total Equity	(55,039)	(642)	75,036	1,108	(11,127)	2,820	12,156

NOTE 19: **INSURANCE PURCHASING POOL**

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 19: **JOINTLY GOVERNED ORGANIZATIONS**

A. **Lake Erie Education Computer Association (LEECA)**

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. In fiscal year 2000, the District paid \$58,833 to LEECA. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035.

B. **Polaris Career Center**

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special needs of the students. The Board of Education consists of representatives from the Board of each participating school district, independent of the Fairview Park City School District. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Fairview Park City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. Financial information may be obtained by contacting the Polaris Career Center, 7285 Old Oak Blvd., Middleburg Heights, Ohio 44130.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 19: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

C. **Ohio Schools' Council Association**

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. This jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each school district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating school districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2000, the District paid \$41,715 to the Council. Financial information can be obtained by contacting Albert G. Vasek, Executive Secretary of the Ohio Schools' Council at 155 Center Road, Bedford, Ohio 44146.

The District participates in the Council's electric purchasing program, which was implemented during fiscal year 1998. This program allows districts to purchase electricity at reduced rates, if the districts will commit to participating for an eight year period. The participants make monthly payments based upon estimated usage. Each June these estimated payments are compared to their actual usage for the year and necessary adjustments are made.

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 19: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

C. **Ohio Schools' Council Association** (Continued)

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

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

NOTE 20: **CONTINGENCIES**

A. **Grants**

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

B. **Litigation**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 21: **SCHOOL FUNDING**

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 the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$1,931,995 of School Foundation support for all of its general fund

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, " ...the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 22: **SET ASIDE REQUIREMENTS**

The District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years. Amounts are also to be set aside for budget stabilization if the District's base amount used for the yearly set-aside calculation increases 3 percent or more from the prior year. This amount is to be included in the budget stabilization reserve.

The following information describes any changes in the amounts set aside for textbooks and instructional materials, capital improvements, and budget stabilization from the end of the prior year to the end of the current year.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Reserve</u>	<u>Totals</u>
Set-Aside Balance Carried Forward July 1, 1999, Restated	\$ 56,138	\$ 0	\$ 200,902	\$ 257,040
Current Year Set-Aside Requirements	377,612	377,612	125,871	881,095
Qualifying Expenditures Offsets	(322,354) 0	(422,837) 0	0 0	(745,191) 0
Total	<u>\$ 111,396</u>	<u>\$ (45,225)</u>	<u>\$ 326,773</u>	<u>\$ 392,944</u>
Cash Balance Carried Forward to FY 2000	<u>\$ 111,396</u>	<u>\$ 0</u>	<u>\$ 326,773</u>	<u>\$ 438,169</u>
Amount Restricted for Textbook Subsidy				\$ 111,396
Amount Restricted for Budget Stabilization				326,773
Total Restricted Assets				<u>\$ 438,169</u>

Although the District had offsets and qualifying disbursements for capital improvements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(CONTINUED)

NOTE 23: **SUBSEQUENT EVENT**

On December 11, 2000, the District accepted a one million endowment to create two perpetual scholarships. The endowment will be accounted for as a non-expendable trust with 55 percent of interest earned to be used for scholarships and 45 percent to be added to existing principal.

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**FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2000**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U. S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution	NA	10.550	\$0	\$9,388	\$0	\$9,221
National School Lunch Program	043976 04-PU 0000	10.555	34,309	0	34,309	0
Total U. S. Department of Agriculture - Nutrition Cluster			34,309	9,388	34,309	9,221
U. S. Department of Education						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	043976 6B-SF 2000	84.027	142,691	0	141,518	0
	043976 6B-SF 1999		(4,991)	0	8,932	0
Subtotal			137,700	0	150,450	0
Special Education - Preschool Grants	043976 PG-S1 2000	84.173	15,713	0	19,646	0
	043976 PG-S1 1999		0	0	836	0
Subtotal			15,713	0	20,482	0
Total Special Education Cluster			153,413	0	170,932	0
Grants to Local Educational Agencies						
Title 1	043976 C1-S1 2000	84.010	126,845	0	117,488	0
	043976 C1-S1 1999		48,690	0	52,057	0
	043976 C1-S1 1998		3,037	0	0	0
Subtotal			178,572	0	169,545	0
Chapter 1 - Capital Expenditures	043976 CX-S1 1999	84.216	60,000	0	5,243	0
Subtotal			60,000	0	5,243	0
Eisenhower Professional Development						
State Grants	043976 MS-S1 2000	84.281	7,642	0	0	0
	043976 MS-S1 1999		0	0	2,604	0
	043976 MS-S1 1998		(793)	0	2,676	0
Subtotal			6,849	0	5,280	0
Safe and Drug-Free Schools and Communities State Grants						
	043976 DR-S1 2000	84.186	9,604	0	9,054	0
	043976 DR-S1 1999		3,152	0	996	0
	043976 DR-S1 1998		(181)	0	3,046	0
Subtotal			12,575	0	13,096	0

**FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2000
(Continued)**

U. S. Department of Education

(CONTINUED)

Innovative Educational Program Strategies	043976 C2-S1 2000	84.298	4,417	0	2,683	0
	043976 C2-S1 1999		1,957	0	4,985	0
	043976 C2-S1 1998		(2,018)	0	3,613	0
Subtotal			<u>4,356</u>	0	<u>11,281</u>	0
Title VI-R (Class Size Reduction) Subtotal	043976 CR-S1 2000	84.340	<u>10,028</u>	0	<u>0</u>	0
			10,028	0	0	0
Total U. S. Department of Education			<u>425,793</u>	0	<u>375,377</u>	0
Total Federal Assistance			<u>\$460,102</u>	<u>\$9,388</u>	<u>\$409,686</u>	<u>\$9,221</u>

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

**FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

JUNE 30, 2000

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (Schedule) summarizes the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Values may change from month to month and are entirely subjective. At June 30, 2000, the District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL LUNCH PROGRAM

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

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance.

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

Board of Education
Fairview Park City School District
Cuyahoga County
20770 Lorain Road
Fairview Park, Ohio 44126

We have audited the financial statements of the Fairview Park City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2000.

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

Jim Petro
Auditor of State

December 22, 2000



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

Board of Education
Fairview Park City School District
Cuyahoga County
20770 Lorain Road
Fairview Park, Ohio 44126

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2000.

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

Jim Petro
Auditor of State

December 22, 2000

FAIRVIEW PARK CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY
 JUNE 30, 2000

SCHEDULE OF FINDINGS
 OMB CIRCULAR A -133 § .505

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Sec. .510?</i>	No
(d)(1)(vii)	<i>Major Programs (list)</i>	Special Education Cluster: Title VI-B CFDA #84.027 and Pre-School CFDA # 84.173 Title I CFDA #84.010
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	No

**FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2000**

**SCHEDULE OF FINDINGS
*OMB CIRCULAR A -133 § .505***

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FAIRVIEW PARK CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2001**