



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

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**STATE OF OHIO**



**COPLEY - FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Copley-Fairlawn City School District  
Summit County  
3797 Ridgewood Road  
Copley, Ohio 44321

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Copley-Fairlawn City School District, Summit 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.

As discussed in Note N to the general purpose financial statements, the District restated its Fund balances in its Special Revenue Fund from \$304,231 to \$324,690, and their Expendable Trust Fund types from \$20,459 to \$0, due to client fund reclassifications.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 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 15, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

December 15, 2000

**Copley-Fairlawn City School District**  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**June 30, 2000**

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	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise Service	Internal Service	Agency	General	Fixed Assets	Long-Term Obligations	General	Long-Term Obligations	
ASSETS AND OTHER DEBITS:													
Assets:													
Equity in Pooled Cash and Cash Equivalents	\$5,516,340	\$361,090	\$322,937	\$259,552	\$32,296	\$791,579	\$46,397	\$0	\$0	\$0	\$0	\$0	\$7,330,191
Receivables													
Taxes	16,404,044	0	1,229,729	464,353	0	0	0	0	0	0	0	0	18,098,126
Accounts	43,730	606	0	0	545	0	0	0	0	0	0	0	44,881
Interfund	350,000	0	0	0	0	0	0	0	0	0	0	0	350,000
Materials and Supplies													
Inventory	4,083	0	0	0	16,452	0	0	0	0	0	0	0	20,535
Prepaid Items	9,746	0	0	0	0	0	0	0	0	0	0	0	9,746
Restricted Asset:													
Equity in Pooled Cash and Cash Equivalents	847,077	0	0	0	0	0	0	0	0	0	0	0	847,077
Fixed Assets (Net where applicable, of Accumulated Depreciation)	0	0	0	0	143,495	0	0	49,514,575	0	0	0	0	49,658,070
Other Debits:													
Amount Available for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	0	0	322,937	0	0	322,937
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	0	0	11,774,547	0	0	11,774,547
Total Assets and Other Debits	\$23,175,020	\$361,696	\$1,552,666	\$723,905	\$192,788	\$791,579	\$46,397	\$49,514,575	\$12,097,484	\$0	\$0	\$0	\$88,456,110

(Continued)

The accompanying notes are an integral part of these statements.

**Copley-Fairlawn City School District  
Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 2000**

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise Service	Internal Service	Agency	General Assets	Fixed Assets	Long-Term Obligations	Totals (Memorandum Only)	
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>												
<b>Liabilities:</b>												
Accounts Payable	\$69,594	\$6,496	\$0	\$43,245	\$0	\$0	\$2,966	\$0	\$0	\$0	\$122,301	
Interfund Payable	0	0	0	350,000	0	0	0	0	0	0	350,000	
Accrued Wages and Benefits	1,556,185	69,853	0	0	46,549	0	0	0	0	0	1,672,587	
Compensated Absences	124,342	0	0	0	26,329	0	0	0	2,036,395	0	2,187,066	
Accrued Sick Leave Bonus	39,720	669	0	0	2,306	0	0	0	0	0	42,695	
Intergovernmental Payable	315,208	15,214	0	0	14,705	0	0	0	197,147	0	542,274	
Due to Others	0	0	0	0	0	0	43,431	0	0	0	43,431	
Deferred Revenue	15,908,845	0	1,205,289	451,378	0	0	0	0	0	0	17,565,512	
Claims Payable	0	0	0	0	192,600	0	0	0	0	0	192,600	
Capital Lease Payable	0	0	0	0	0	0	0	0	133,942	0	133,942	
Note Payable	0	0	0	0	0	0	0	0	1,705,000	0	1,705,000	
Bonds Payable	0	0	0	0	0	0	0	0	8,025,000	0	8,025,000	
<b>Total Liabilities</b>	<b>18,013,894</b>	<b>92,232</b>	<b>1,205,289</b>	<b>844,623</b>	<b>89,889</b>	<b>192,600</b>	<b>46,397</b>	<b>0</b>	<b>12,097,484</b>	<b>0</b>	<b>32,582,408</b>	
<b>Fund Equity and Other Credits:</b>												
Investment in General Fixed Assets	0	0	0	0	0	0	0	49,514,575	0	0	49,514,575	
Contributed Capital	0	0	0	0	376,551	0	0	0	0	0	376,551	
Retained Earnings - Unreserved (Deficit)	0	0	0	0	(273,652)	598,979	0	0	0	0	325,327	
<b>Fund Balances</b>	<b>495,199</b>	<b>0</b>	<b>24,440</b>	<b>12,975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>532,614</b>	
Reserved for Property Taxes	10,575	20,019	0	242,310	0	0	0	0	0	0	272,904	
Reserved for Encumbrances	4,083	0	0	0	0	0	0	0	0	0	4,083	
Reserved for Budget Stabilization	847,077	0	0	0	0	0	0	0	0	0	847,077	
Reserved for Prepaid Items	9,746	0	0	0	0	0	0	0	0	0	9,746	
Unreserved - Undesignated	3,794,446	249,445	322,937	(376,003)	0	0	0	0	0	0	3,990,825	
<b>Total Fund Equity and Other Credits</b>	<b>5,161,126</b>	<b>269,464</b>	<b>347,377</b>	<b>(120,718)</b>	<b>102,899</b>	<b>598,979</b>	<b>0</b>	<b>49,514,575</b>	<b>0</b>	<b>0</b>	<b>55,873,702</b>	
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$23,175,020</b>	<b>\$361,696</b>	<b>\$1,552,666</b>	<b>\$723,905</b>	<b>\$192,788</b>	<b>\$791,579</b>	<b>\$46,397</b>	<b>\$49,514,575</b>	<b>\$12,097,484</b>	<b>\$0</b>	<b>\$88,456,110</b>	

The accompanying notes are an integral part of these statements.



**Copley-Fairlawn City School District**  
**Combined Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>REVENUE:</b>					
Taxes	\$16,470,854	\$0	\$1,227,614	\$463,315	\$18,161,783
Tuition and Fees	194,236	0	0	0	194,236
Intergovernmental	3,450,900	1,100,980	97,008	115,378	4,764,266
Interest	461,044	8,866	0	0	469,910
Extracurricular Activities	0	275,952	0	0	275,952
Other	115,558	178,420	0	0	293,978
Donations	0	0	0	0	0
Classroom Materials & Fees	9,481	0	0	0	9,481
<b>Total Revenues</b>	<b>20,702,073</b>	<b>1,564,218</b>	<b>1,324,622</b>	<b>578,693</b>	<b>24,169,606</b>
<b>EXPENDITURES:</b>					
Current					
Instruction					
Regular	10,152,644	284,998	0	108,169	10,545,811
Special	1,152,992	241,264	0	0	1,394,256
Vocational	568,105	17,117	0	6,032	591,254
Support Services					
Pupil	1,170,494	45,945	0	0	1,216,439
Instructional Staff	1,074,828	52,772	0	0	1,127,600
Board of Education	139,453	0	0	0	139,453
Administration	1,469,513	14,252	0	0	1,483,765
Fiscal	560,927	1,700	14,199	7,418	584,244
Business	105,099	0	0	0	105,099
Operation and Maintenance of Plant					
Pupil Transportation	1,977,075	3,419	0	0	1,980,494
Central	934,501	0	0	0	934,501
Community Services	61,052	45,234	0	0	106,286
Extracurricular Activities	89,603	450,625	0	9,510	549,738
Debt Service	438,279	396,108	0	0	834,387
Capital Outlay					
Principal and Interest Retirement	0	0	1,252,254	0	1,252,254
Capital Outlay	0	137,122	0	595,737	732,859
<b>Total Expenditures</b>	<b>19,894,565</b>	<b>1,690,556</b>	<b>1,266,453</b>	<b>726,866</b>	<b>23,578,440</b>
Revenues Over (Under)					
Expenditures	\$807,508	\$(126,338)	\$58,169	\$(148,173)	\$591,166

(Continued)

The accompanying notes are an integral part of these statements.

**Copley-Fairlawn City School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
OTHER FINANCING SOURCES (USES):					
Sale of Assets	\$1,241	\$0	\$0	\$0	\$1,241
Operating Transfers - In	0	71,144	0	0	\$71,144
Operating Transfers - Out	(117,144)	0	0	0	\$117,144
Refund of Prior Year's Expenditure	39,338	0	0	0	\$39,338
Refund of Prior Year's Receipt	(10)	(32)	0	0	(42)
Total Other Financing Sources (Uses)	<u>(76,575)</u>	<u>71,112</u>	<u>0</u>	<u>0</u>	<u>(5,463)</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	730,933	(55,226)	58,169	(148,173)	585,703
Fund Balances at					
Beginning of Year	4,434,772	324,690	289,208	27,455	5,076,125
Decrease in Reserve for Inventory	<u>(4,579)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,579)</u>
Fund Balances (Deficit) at End of Year	<u>\$5,161,126</u>	<u>\$269,464</u>	<u>\$347,377</u>	<u>\$(120,718)</u>	<u>\$5,657,249</u>

The accompanying notes are an integral part of these statements.

**Copley-Fairlawn City School District**  
**Combined Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget Basis and Actual - All**  
**Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	General Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 16,611,033	\$ 16,611,033	\$ -
Tuition and Fees	181,671	194,236	12,565
Intergovernmental	3,448,857	3,450,900	2,043
Interest	435,171	461,044	25,873
Extracurricular Activities	-	-	-
Classroom Materials & Fees	10,501	10,381	(120)
Other	97,765	113,720	15,955
Total Revenues	<u>20,784,998</u>	<u>20,841,314</u>	<u>56,316</u>
EXPENDITURES:			
Current			
Instruction			
Regular	11,144,313	10,163,259	981,054
Special	1,326,337	1,141,456	184,881
Vocational	684,907	591,641	93,266
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	1,297,754	1,172,874	124,880
Instructional Staff	1,342,327	1,084,444	257,883
Board of Education	169,000	147,061	21,939
Administration	1,612,378	1,500,202	112,176
Fiscal	656,286	567,720	88,566
Business	131,650	107,909	23,741
Operation and Maintenance of Plant	2,351,151	1,940,483	410,668
Pupil Transportation	1,208,485	939,907	268,578
Central	70,000	60,113	9,887
Food Service Operations	-	-	-
Community Services	77,132	64,515	12,617
Extracurricular Activities	519,531	444,940	74,591
Building Acquisition and Construction	-	-	-
Debt Service			
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>22,591,251</u>	<u>19,926,524</u>	<u>2,664,727</u>
Revenues Over (Under) Expenditures	<u>(1,806,253)</u>	<u>914,790</u>	<u>2,721,043</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Assets	1,241	1,241	-
Advances - In	-	-	-
Advances - Out	(350,000)	(350,000)	-
Refund of Prior Year Expenditures	2,672	2,672	-
Refund of Prior Year Receipt	(10,000)	(10)	9,990
Operating Transfer - In	-	-	-
Operating Transfers - Out	(200,000)	(117,144)	82,856
Pass Throughs	(1,000,000)	-	1,000,000
Total Other Financing Sources (Uses)	<u>(1,556,087)</u>	<u>(463,241)</u>	<u>1,092,846</u>
Total Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(3,362,340)</u>	<u>451,549</u>	<u>3,813,889</u>
Fund Balances at Beginning of Year	5,656,027	5,656,027	-
Prior Year Encumbrances	221,641	221,641	-
Fund Balance at End of Year	<u>\$ 2,515,328</u>	<u>\$ 6,329,217</u>	<u>\$ 3,813,889</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,236,929	\$ 1,236,929	\$ -
-	-	-	-	-	-
1,100,981	1,100,981	-	97,008	97,008	-
8,133	8,866	733	-	-	-
196,532	201,895	5,363	-	-	-
-	-	-	-	-	-
249,974	251,871	1,897	-	-	-
<u>1,555,620</u>	<u>1,563,613</u>	<u>7,993</u>	<u>1,333,937</u>	<u>1,333,937</u>	<u>-</u>
285,406	280,857	4,549	-	-	-
258,404	236,395	22,009	-	-	-
30,100	26,354	3,746	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
46,838	38,852	7,986	-	-	-
129,453	52,902	76,551	-	-	-
-	-	-	-	-	-
34,270	14,252	20,018	-	-	-
7,000	1,700	5,300	15,000	14,199	801
-	-	-	-	-	-
3,420	3,420	-	-	-	-
-	-	-	-	-	-
62,710	46,537	16,173	-	-	-
-	-	-	-	-	-
542,839	506,917	35,922	-	-	-
477,248	392,907	84,341	-	-	-
139,585	137,122	2,463	-	-	-
-	-	-	1,265,000	1,252,254	12,746
<u>2,017,273</u>	<u>1,738,215</u>	<u>279,058</u>	<u>1,280,000</u>	<u>1,266,453</u>	<u>13,547</u>
<u>(461,653)</u>	<u>(174,602)</u>	<u>287,051</u>	<u>53,937</u>	<u>67,484</u>	<u>13,547</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(32)	(32)	-	-	-	-
71,144	71,144	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>71,112</u>	<u>71,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(390,541)	(103,490)	287,051	53,937	67,484	13,547
352,943	352,943	-	255,453	255,453	-
85,030	85,030	-	-	-	-
<u>\$ 47,432</u>	<u>\$ 334,483</u>	<u>\$ 287,051</u>	<u>\$ 309,390</u>	<u>\$ 322,937</u>	<u>\$ 13,547</u>

**Copley-Fairlawn City School District**  
**Combined Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget Basis and Actual - All**  
**Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 468,589	\$ 468,589	\$ -
Tuition and Fees	-	-	-
Intergovernmental	115,378	115,378	-
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
Total Revenues	<u>583,967</u>	<u>583,967</u>	<u>-</u>
EXPENDITURES:			
Current			
Instruction			
Regular	108,290	108,169	121
Special	-	-	-
Vocational	6,032	6,032	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	10,000	7,418	2,582
Business	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation Central	-	-	-
Food Service Operations	13,600	9,510	4,090
Community Services	-	-	-
Extracurricular Activities	-	-	-
Building Acquisition and Construction	800,619	794,802	5,817
Debt Service	-	-	-
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>938,541</u>	<u>925,931</u>	<u>12,610</u>
Revenues Over (Under) Expenditures	<u>(354,574)</u>	<u>(341,964)</u>	<u>12,610</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Assets	-	-	-
Advances - In	350,000	350,000	-
Advances - Out	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipt	-	-	-
Operating Transfer - In	-	-	-
Operating Transfers - Out	-	-	-
Pass Through	-	-	-
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,574)	8,036	12,610
Fund Balances at Beginning of Year	2,789	2,789	-
Prior Year Encumbrances	6,418	6,418	-
Fund Balance at End of Year	<u>\$ 4,633</u>	<u>\$ 17,243</u>	<u>\$ 12,610</u>

The accompanying notes are an integral part of these statements.

## Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
18,316,551	18,316,551	\$ -
181,671	194,236	12,565
4,762,224	4,764,267	2,043
443,304	469,910	26,606
196,532	201,895	5,363
10,501	10,381	(120)
347,739	365,591	17,852
<u>24,258,522</u>	<u>24,322,831</u>	<u>64,309</u>
11,538,009	10,552,285	985,724
1,584,741	1,377,851	206,890
721,039	624,027	97,012
-	-	-
-	-	-
1,344,592	1,211,726	132,866
1,471,780	1,137,346	334,434
169,000	147,061	21,939
1,646,648	1,514,454	132,194
688,286	591,037	97,249
131,650	107,909	23,741
2,354,571	1,943,903	410,668
1,208,485	939,907	268,578
132,710	106,650	26,060
13,600	9,510	4,090
619,971	571,432	48,539
996,779	837,847	158,932
940,204	931,924	8,280
<u>1,265,000</u>	<u>1,252,254</u>	<u>12,746</u>
<u>26,827,065</u>	<u>23,857,123</u>	<u>2,969,942</u>
<u>(2,568,543)</u>	<u>465,708</u>	<u>3,034,251</u>
1,241	1,241	-
350,000	350,000	-
(350,000)	(350,000)	-
2,672	2,672	-
(10,032)	(42)	9,990
71,144	71,144	-
(200,000)	(117,144)	82,856
(1,000,000)	-	1,000,000
<u>(1,134,975)</u>	<u>(42,129)</u>	<u>1,092,846</u>
(3,703,518)	423,579	4,127,097
6,267,212	6,267,212	-
313,089	313,089	-
<u>\$ 2,876,783</u>	<u>\$ 7,003,880</u>	<u>\$ 4,127,097</u>

**Copley-Fairlawn City School District  
 Combined Statement of Revenues, Expenses, and Changes in  
 Fund Equity - All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000**

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b>OPERATING REVENUES:</b>			
Sales	\$537,999	\$0	\$537,999
Charges for Services	0	1,604,241	1,604,241
Other	<u>20,172</u>	<u>0</u>	<u>20,172</u>
Total Operating Revenues	<u>558,171</u>	<u>1,604,241</u>	<u>2,162,412</u>
<b>OPERATING EXPENSES:</b>			
Salaries and Wages	240,856	0	240,856
Fringe Benefits	81,456	0	81,456
Supplies	353,302	17,277	370,579
Contract Services	11,698	256,285	267,983
Cost of Sales	33,846	0	33,846
Depreciation	18,303	0	18,303
Claims	0	1,426,874	1,426,874
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Expenses	<u>739,461</u>	<u>1,700,436</u>	<u>2,439,897</u>
Operating Loss	<u>(181,290)</u>	<u>(96,195)</u>	<u>(277,485)</u>
<b>NON-OPERATING REVENUES:</b>			
Donated Commodities	27,374	0	27,374
Operating Grants	75,107	0	75,107
Other Non-Operating Revenue	<u>881</u>	<u>46,950</u>	<u>47,831</u>
Total Non-Operating Revenues	<u>103,362</u>	<u>46,950</u>	<u>150,312</u>
Net Loss Before Operating Transfers	(77,928)	(49,245)	(127,173)
Operating Transfers - In	<u>46,000</u>	<u>0</u>	<u>46,000</u>
Net Loss	(31,928)	(49,245)	(81,173)
<b>Fund Equity (Deficit) at</b>			
Beginning of Year	<u>(241,724)</u>	<u>648,224</u>	<u>406,500</u>
<b>Fund Equity (Deficit) at End</b>			
of Year	<u><u>\$(273,652)</u></u>	<u><u>\$598,979</u></u>	<u><u>\$325,327</u></u>

The accompanying notes are an integral part of these statements.

**Copley-Fairlawn City School District**  
**Combined Statement of Revenues, Expenses and Changes in**  
**in Fund Equity - Budget Basis and Actual**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2000**

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Charges for Services	\$ 536,191	\$ 537,999	\$ 1,808
Operating Grants	75,107	75,107	-
Other	19,627	19,627	-
Interest	914	1,087	173
Total Revenues	<u>631,839</u>	<u>633,820</u>	<u>1,981</u>
EXPENDITURES:			
Salaries and Wages	240,100	237,495	2,605
Fringe Benefits	87,400	81,456	5,944
Contract Services	13,250	11,698	1,552
Claims	-	-	-
Supplies	344,450	325,818	18,632
Other	300	205	95
Total Expenses	<u>685,500</u>	<u>656,672</u>	<u>28,828</u>
Revenues Over (Under) Expenses	<u>(53,661)</u>	<u>(22,852)</u>	<u>30,809</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers - In	46,000	46,000	-
Other	-	-	-
Total Other Financing Sources (Uses)	<u>46,000</u>	<u>46,000</u>	<u>-</u>
Revenues and other Financing Sources Over (Under) Expenses and Other Financing Uses	<u>(7,661)</u>	<u>23,148</u>	<u>30,809</u>
Fund Balances at Beginning of Year	9,148	9,148	-
Prior Year Encumbrances	-	-	-
Fund Balances at End of Year	<u>\$ 1,487</u>	<u>\$ 32,296</u>	<u>\$ 30,809</u>



Internal Service Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,604,178	\$ 1,604,241	\$ 63	\$ 2,140,369	\$ 2,142,240	\$ 1,871
-	-	-	75,107	75,107	-
-	-	-	19,627	19,627	-
42,680	46,950	4,270	43,594	48,037	4,443
1,646,858	1,651,191	4,333	2,278,697	2,285,011	6,314
-	-	-	240,100	237,495	2,605
-	-	-	87,400	81,456	5,944
300,000	254,279	45,721	313,250	265,977	47,273
1,753,927	1,426,874	327,053	1,753,927	1,426,874	327,053
19,173	17,277	1,896	363,623	343,095	20,528
-	-	-	300	205	95
2,073,100	1,698,430	374,670	2,758,600	2,355,102	403,498
(426,242)	(47,239)	379,003	(479,903)	(70,091)	409,812
-	-	-	46,000	46,000	-
-	-	-	-	-	-
-	-	-	46,000	46,000	-
(426,242)	(47,239)	379,003	(433,903)	(24,091)	409,812
838,818	838,818	-	847,966	847,966	-
-	-	-	-	-	-
<u>\$ 412,576</u>	<u>\$ 791,579</u>	<u>\$ 379,003</u>	<u>\$ 414,063</u>	<u>\$ 823,875</u>	<u>\$ 409,812</u>

**Copley-Fairlawn City School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2000**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating loss	\$ (181,290)	\$ (96,195)	\$ (277,485)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	18,303	-	18,303
Donated commodities in cost of sales	33,846	-	33,846
Change in assets and liabilities that increase (decrease) cash flow from operations			
Accounts receivable	(545)	-	(545)
Accounts payable	(180)	-	(180)
Accrued wages and benefits	27,664	-	27,664
Compensated absences	1,626	-	1,626
Accrued bonus	1,006	-	1,006
Intergovernmental payable	729	-	729
Claims payable	-	2,006	2,006
	-	2,006	2,006
Net cash provided by (used in) operating activities	(98,841)	(94,189)	(193,030)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	75,107	-	75,107
Other non-operating revenue	881	46,950	47,831
Transfers - In	46,000	-	46,000
	121,988	46,950	168,938
Net cash provided by non-capital financing activities	121,988	46,950	168,938
Net increase (decrease) in cash and cash equivalents	23,147	(47,239)	(24,092)
Cash and cash equivalents - beginning of year	9,149	838,818	847,967
Cash and cash equivalents - end of year	\$ 32,296	\$ 791,579	\$ 823,875
<b>NONCASH CAPITAL, INVESTING AND RELATED FINANCING ACTIVITIES:</b>			
Donated commodities received	\$ 27,374	\$ -	\$ 27,374

The accompanying notes are an integral part of these statements.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**1. *Description of the Entity***

The Copley-Fairlawn City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a City district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of October 1, 1999 was 2,949. The School District employed 214 certified employees and 134 non-certified employees.

The School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions component units for which the School District (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the School District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District.

On this basis, there were no organizations subject to the School District's financial accountability which required incorporation into the financial statements.

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

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Basis of Presentation - Fund Accounting - Continued*

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

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

Governmental Fund Types:

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

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

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

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Basis of Presentation - Fund Accounting - Continued*

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types:

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

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

Internal Service Fund - This fund is used to account for the financing of services provided by one department or agency to another department or agency of the School District on a cost-reimbursement basis.

Fiduciary Fund Type:

The Fiduciary fund is used to account for assets held by the School District as an agent for other funds. These include Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Basis of Presentation - Fund Accounting - Continued*

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

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

3. *Measurement Focus and Basis of Accounting*

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., 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 fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end. In applying the accrual

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Measurement Focus And Basis Of Accounting* - Continued

concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when potential revenue does not meet with the measurable and available criteria for recognition in the current period. In subsequent periods, 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 indeterminate, that are intended to finance fiscal year 2001 operations have been recorded as deferred revenue as more fully described in Note C.

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 fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. 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 when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable is recognized as revenue at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities nonoperating revenue.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modification at this level may only be made by resolution of the Board of Education.

Tax Budget:

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

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

Estimated Resources:

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



**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

Estimated Resources: - Continued

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

Appropriations:

By October 1, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the School District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation 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 does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental fund appropriations were legally enacted, however, the amount of the increases were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balances 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 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 need not be reappropriated.

Budgetary Basis of Accounting:

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

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

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

**Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Similar Trust Fund**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$730,933	\$ (55,226)	\$58,169	\$(148,173)
Net Adjustment for Revenue Accruals	139,241	(605)	9,315	5,274
Net Adjustment for Expenditure Accruals	6,814	(25,623)	-0-	43,245
Encumbrances	(38,773)	(22,036)	-0-	(242,310)
Other Uses	<u>(386,666)</u>	<u>-0-</u>	<u>-0-</u>	<u>350,000</u>
Budget Basis	<u>\$451,549</u>	<u>\$(103,490)</u>	<u>\$ 67,484</u>	<u>\$ 8,036</u>

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2000  
(Continued)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

4. *Budgetary Data* – Continued

	<b>Net Loss Over (Under) Expenses and Operating Transfers Proprietary Fund Types</b>	
	Enterprise	Internal Service
GAAP Basis	\$ (30,302)	\$ (49,245)
Net Adjustment for Revenue Accruals	(339)	-0-
Commodities Received	(27,374)	-0-
Net Adjustment for Expense Accruals	29,014	2,006
Commodities Used	33,846	-0-
Depreciation	18,303	-0-
Budget Basis	<u>\$ 23,148</u>	<u>\$ (47,239)</u>

There were no encumbrances outstanding at year end for proprietary fund types.

5. *Pooled Cash and Investments*

The School District maintains a cash and investment pool used by all funds.

The amounts of this pooled investment are reflected on the Combined Balance Sheet as Equity in Pooled Cash and Cash Equivalents.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash investment pool and investments with maturities of three months or less at the time they were purchased by the School District are considered to be cash equivalents.

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash and Investments* – Continued

Category 1 consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for immediate use by the School District. 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.

Category 2 consists of "inactive" monies, those monies not required for use within the current two year period of designation of depositories. Inactive deposits must be deposited or invested as 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.

Category 3 consists of "interim" monies, 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.

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

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash and Investments* - Continued

Deposits:

At fiscal year end, the carrying amount of the School District's deposits was \$1,331,594 and the bank balance was \$2,027,633. \$100,000 of the bank balance was covered by federal depository insurance. \$1,927,633 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments:

The School District's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes insured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

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

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 475,000	\$ 475,000	\$ 475,000
STAROhio	<u>0</u>	<u>6,370,674</u>	<u>6,370,674</u>
Totals	<u>\$ 475,000</u>	<u>\$ 6,845,674</u>	<u>\$ 6,845,674</u>

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash and Investments* - Continued

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$ 8,177,268	\$ 0
Investments		
Repurchase Agreement	(475,000)	475,000
STAROhio	(6,370,674)	6,370,674
GASB Statement No. 3	\$ 1,331,594	\$ 6,845,674

6. *Inventory*

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



**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. *Fixed Assets And Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The School District has established a capitalization threshold for fixed assets at \$1,000. Books, records, movies, and other learning aids kept at the School District Library are not included for reporting purposes. The School District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The School District's policy is not to capitalize interest costs incurred as part of construction.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line basis over an estimated useful life of five to ten years.

8. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis and entitlements, 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 received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The School District currently participates in several State and Federal programs, categorized as follows:

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. *Intergovernmental Revenues* - Continued

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Title I

Title VI

Drug Free Schools

Special Education - Title 6B -

Handicapped Children

Preschool Grant

Reimbursable Grants

Enterprise Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 19% of the School District's operating revenue during the 2000 fiscal year.

9. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items.

10. *Contributed Capital*

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. *Long-Term Debt*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations are reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Under Ohio Law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the debt service fund and the general long-term obligations account group, with principal and interest payments on matured general long-term debt reported in the debt service fund. To comply with GAAP reporting requirements, the School District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both the principal and interest have also been allocated accordingly.

12. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All other interfund transfers are reported as operating transfers.

13. *Fund Equity*

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for reappropriation in future periods. Fund equity reserves are established for encumbrances, inventory, prepaid items, property taxes, and budget stabilization.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. *Proprietary Fund Accounting*

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting and Other Governmental Entities that use Proprietary Fund Accounting", the School District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

15. *Total Columns on General Purpose Financial Statements*

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

16. *Restricted Assets*

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

17. *Estimates*

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

18. *School Foundation Money*

On March 27, 1997, the Ohio Supreme Court rendered a decision declaring a certain portions of the Ohio school founding 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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

18. *School Foundation Money* - Continued

was the state's "school foundation program", which provide significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$1,793,169 of school foundation support for 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 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-[ing] 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 School District is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under this program and on its financial operations.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

**NOTE B - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - FUND BALANCES  
AND RETAINED EARNINGS DEFICITS**

Fund balances/retained earnings at June 30, 2000 included the following individual fund/retained earnings deficits:

<b>Deficit Fund Balance</b>	
Special Revenue Funds	
Title I	\$16,956
Drug Free Schools	8,710
Capital Projects	
Permanent Improvement	77,743
Enterprise Fund	
Food Service	276,617

The special revenue and enterprise deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

**NOTE C - PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1997.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for tax (calendar) year 1999 was \$51.47 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$27.54 per \$1,000 of assessed valuation for real property classified as residential or agricultural and \$30.52 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE C - PROPERTY TAX – Continued

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax (calendar) year 1999 was \$51.47 per \$1,000 of assessed valuation.

Real Property - 1999 Valuation	
Residential/Agricultural	\$335,664,500
Commercial/Industrial	210,182,020
Public Utilities	7,130
Minerals	103,920
Tangible Personal Property - 2000 Valuation	
General	64,673,365
Public Utilities	<u>25,766,720</u>
Total Valuation	<u><u>\$636,397,655</u></u>

The Summit County Treasurer collects property tax on behalf of all taxing districts within the County. The Summit County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding on 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 of \$532,614 is recognized as revenue.

NOTE D - INSURANCE

1. *Property Insurance*

The School District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE D – INSURANCE - Continued

2. *Medical Self-Insurance*

The School District has established a medical self-insurance fund which is accounted for in the internal service fund. The purpose of this fund is to pay medical and dental claims of the School District's employees and their covered dependents and minimize the total cost of medical insurance to the School District. For the plan year beginning October 1, 1999 and ending September 30, 2000, medical claims exceeding \$50,000 per covered individual, per year, or \$2,067,811 in the aggregate per year are covered through private insurance carriers. The Self-Insurance Fund is funded by expenditures for health insurance out of the General Fund and Enterprise Fund.

The claims liability of \$192,600 reported in the fund at June 30, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amount in fiscal year 1999 and 2000 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1999	\$ 142,186	\$1,654,404	\$1,605,996	\$ 190,594
2000	190,594	1,426,880	1,428,874	192,600

3. *OSBA Group Rating Program*

The School 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 Ohio School Boards Association. 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.



**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE D – INSURANCE – Continued

3. *OSBA Group Rating Program - Continued*

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 school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE E - FIXED ASSETS

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

Furniture and Equipment	\$ 340,653
Less Accumulated Depreciation	<u>(197,158)</u>
Net Fixed Assets	<u><u>\$ 143,495</u></u>

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

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land	\$ 196,211	\$ 0	\$ 0	\$ 196,211
Buildings and Improvements	43,830,728	254,124	0	44,084,852
Furniture and Equipment	3,252,676	331,492	(69,438)	3,514,730
Vehicles	<u>1,615,182</u>	<u>103,600</u>	<u>0</u>	<u>1,718,782</u>
Total	<u><u>\$48,894,797</u></u>	<u><u>\$ 689,216</u></u>	<u><u>\$(69,438)</u></u>	<u><u>\$ 49,514,575</u></u>

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

**NOTE F - LONG-TERM OBLIGATIONS**

Long-term obligations of the School District as of June 30, 2000 were as follows:

	<u>Outstanding July 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2000</u>
School Facilities				
Bonds - Middle School				
Construction, 1993,				
4.70% - 6.25%	\$ 8,460,000	\$ 0	\$ (435,000)	\$ 8,025,000
Energy Conservation				
Note, 4.75%	1,945,000	0	(240,000)	1,705,000
Compensated Absences	1,778,161	258,234	0	2,036,395
Intergovernmental				
Payable	180,754	197,147	(180,754)	197,147
Capital Lease Payable	<u>166,825</u>	<u>0</u>	<u>(32,883)</u>	<u>133,942</u>
Totals	<u>\$12,530,740</u>	<u>\$ 455,381</u>	<u>\$ (888,637)</u>	<u>\$ 12,097,484</u>

Principal and interest requirements to retire school facilities bonds and notes at June 30, 2000 are as follows:

June 30, 2001	\$ 1,268,193
June 30, 2002	1,300,439
June 30, 2003	1,294,259
June 30, 2004	1,241,823
June 30, 2005	1,182,756
Thereafter	<u>7,667,288</u>
Total	<u>\$ 13,954,758</u>

**NOTE G - DEFINED BENEFIT PENSION PLANS**

*1. School Employees Retirement System*

The School District contributes to the School Employee Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provide basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

NOTE G - DEFINED BENEFIT PENSION PLANS - Continued

1. *School Employees Retirement System - Continued*

that includes financial statements and required supplementary information for SERS. That 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 School District is required to contribute 14 percent; for the fiscal year 2000, 5.5 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the SERS Retirement Board within the rates allowed by state statute. The adequacy of the contributions rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$400,278, \$372,156, and \$375,660, respectively; 50 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$214,200, representing the unpaid contribution for fiscal year 2000, is recorded as a liability.

2. *State Teachers' Retirement System (STRS)*

The School District contributes to the State Teachers' Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers' Retirement Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

---

**June 30, 2000  
(Continued)**

NOTE G - DEFINED BENEFIT PENSION PLANS – Continued

*2. State Teachers' Retirement System (STRS) – Continued*

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 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 School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$1,447,408, \$1,385,458, and \$1,233,504, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$242,376, representing the unpaid contribution for fiscal year 2000, is recorded as a liability.

NOTE H - POST-EMPLOYMENT BENEFITS

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

For STRS, all benefits recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249.929 million.

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

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

**NOTE H - POST-EMPLOYMENT BENEFITS - Continued**

For the fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between 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. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$111.9 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$160.3 million.

**NOTE I – SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds - Food Service, Tomahawk Room, and Adult Education which are operated on a sales basis. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the School District for the fiscal year ended June 30, 2000:

	<u>Food Service</u>	<u>Tomahawk Room</u>	<u>Adult Education</u>	<u>Total</u>
Operating Revenues	\$ 538,524	\$ 12,023	\$ 7,624	\$ 558,171
Operating Expenses Before Depreciation	696,148	12,306	12,704	721,158
Depreciation	18,303	0	0	18,303
Operating Loss	(175,927)	(283)	(5,080)	(181,290)
Operating Grants	75,107	0	0	75,107
Net Non-Operating Revenue/Expenses	103,362	0	0	103,362
Net (Loss) before Transfers	(72,565)	(283)	(5,080)	(77,928)
Operating Transfers-in	40,000	0	6,000	46,000
Net Working Capital	(45,187)	3,577	1,014	(40,596)
Total Assets	188,182	3,577	1,029	192,788
Total Liabilities	89,874	0	15	89,889
Total Equity	98,308	3,577	1,014	102,899

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

**NOTE J - LEASING ARRANGEMENTS**

On February 2, 1999, the School District entered into a capital lease-purchase agreement to acquire new copiers. Assets under capital lease totaled \$180,000 at June 30, 2000 and accumulated amortization of those assets totaled \$46,058.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2000:

<u>Year Ending June 30,</u>	<u>Amount</u>
2001	\$ 41,298
2002	41,298
2003	41,298
2004	<u>24,091</u>
Total	147,985
Less Interest	<u>(14,043)</u>
Present Value of Minimum Lease Payments	<u>\$133,942</u>

**NOTE K - JOINTLY GOVERNED ORGANIZATION**

Northeast Ohio Network for Educational Technology (NEONET)

NEONET is a jointly governed organization created as a regional council of governments made up of public school districts and county boards of education from Summit and Portage Counties. The primary function of NEONET is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services.

Other areas of service provided by NEONET include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEONET.

NEONET is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of NEONET is limited to its voting authority and any representation it may have on the board of directors. The continued existence of NEONET is not dependent on the School District's continued participation and no equity interest exists.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

**NOTE L – OTHER REQUIRED FUND DISCLOSURES**

*A. Set-Aside Requirements*

State of Ohio House Bill 412 requires the School District to set aside a portion of the general operating resources for future use. For the fiscal year ended June 30, 2000, the following table disclosed the required set-asides.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999	\$	\$	\$ 780,748	\$ 780,748
Current Year Set-aside Requirement	562,077	562,077	66,329	1,190,483
Current Year Offsets		0	0	0
Qualifying Disbursements	(677,099)	(796,671)	0	(1,473,770)
Total	<u>\$ (115,022)</u>	<u>\$ (234,594)</u>	<u>\$ 847,077</u>	
Cash Balance Carried Forward to FY 2001	<u>0</u>	<u>0</u>	<u>847,077</u>	<u>847,077</u>
Total Restricted Assets				<u>\$ 847,077</u>

The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. Effective in the current year the amount for textbooks may be used to reduce the set-aside requirements for future years. Amounts not spent by year end or reduced by offset credits must be held in cash at year end and carried forward to be used for the same purposes in future years. Amounts are also to be set-aside for budget stabilization if the School District's revenues increase three percent or more from the prior year.

**COPLEY- FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2000  
(Continued)**

**NOTE M – PRIOR PERIOD ADJUSTMENTS**

The following beginning fund balances were restated on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Similar Trust Funds to account for client fund reclassifications:

	Special Revenue	Expendable Trust
Fund Balances at beginning of year as previously reported	\$304,231	\$ 20,459
Effect of adjustments:		
Fund reclassification	20,459	(20,459)
Fund Balances at beginning of year as restated	\$324,690	\$ 0

The following beginning fund balances were restated on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget Basis and Actual – All Governmental Fund Types and Similar Trust Funds to account for client fund reclassifications.

	Special Revenue	Expendable Trust
Fund Balances at beginning of year as previously reported	\$335,186	\$ 17,757
Fund reclassification	17,757	(17,757)
Fund balances at beginning of year as restated	\$352,943	\$ -0-



COPLEY FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education</i>						
Child Nutrition Cluster:						
Food Distribution	049981	10.550	\$0	\$27,374	\$0	\$29,990
National School Lunch Program	049981 03-PU 00	10.555	72,355		72,355	
Total U.S. Department of Agriculture - Child Nutrition Cluster			72,355	27,374	72,355	29,990
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education</i>						
Employee Services and Job Training Pilot	049981 NA	17.249			6,599	
Title I Grants to Local Educational Agencies	049981 C1-S1 1999	84.010	6,114		19,304	
	049981 C1-S1 1999		6,880		6,880	
	049981 C1-S1 2000		87,006		84,238	
Total Title I Grants to Educational Local Agencies			100,000		110,422	
Special Education Cluster:						
Special Education - Grants to States	049981 6B-SF 1999	84.027			19,853	
	049981 6B-SF 2000		135,386		118,145	
Total Special Education - Grants to States			135,386		137,998	
Special Education - PreSchool Grants	049981 PG-S1 2000	84.173	10,154		10,154	
Total Special Education Cluster			145,540		148,152	
Immigrant Education	049981 E1-S1 1999	84.162			3,463	
Safe and Drug-Free Education and Communities - State Grants	049981 DR-S1 2000	84.186	12,790		12,790	
Bilingual Education Support Services	049981 NA	84.194			69	
Innovative Education Program Strategies	049981 C2-S1 1999	84.298			884	
	049981 C2-S1 1999		2,372		2,372	
	049981 C2-S1 2000		18,511		13,483	
Total Innovative Education Program Strategies			20,883		16,739	
Technology Literacy Challenge Fund	049981 TF-31 1999	84.318			62,505	
	049981 TF-32 2000		100,000		100,000	
	049981 TF-33 2000		62,500		62,500	
	049981 TF-34 2000		62,500		377	
Total Technology Literacy Challenge Fund			225,000		225,382	
ESEA Title VI-R Reducing Class Size Grant	049981 CR-S1 2000	84.340	30,878		26,330	
Total U.S. Department of Education			535,091		549,946	
Totals			<u>\$607,446</u>	<u>\$27,374</u>	<u>\$622,301</u>	<u>\$29,990</u>

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

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

Copley-Fairlawn City School District  
Summit County  
3797 Ridgewood Road  
Copley, Ohio 44321

To the Board of Education:

We have audited the general purpose financial statements of the Copley-Fairlawn City School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 15, 2000 in which we noted the District restated its Special Revenue and Expendable Trust Fund balances. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 15, 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 within this that we have reported to management of the District in a separate letter dated December 15, 2000.

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

This report is intended for the information and use of the 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 15, 2000



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

Copley-Fairlawn City School District  
Summit County  
3797 Ridgewood Road  
Copley, Ohio 44321

To the Board of Education:

**Compliance**

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

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

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

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on its 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.

Copley-Fairlawn City School District  
Summit County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Each Major Federal Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133  
Page 2

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

This report is intended for the information and use of the 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 15, 2000

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

JUNE 30, 2000

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Technology Literacy Challenge Fund Grant - #84.318
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**JUNE 30, 2000  
(Continued)**

**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 AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**COPLEY-FAIRLAWN CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 16, 2001**