

**FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

FAIRVIEW PARK CITY SCHOOL DISTRICT

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budget Basis) - All Governmental Fund Types	7 - 11
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	12
Combined Statement of Cash Flows - All Proprietary Fund Types	13
Notes to the General Purpose Financial Statements	14 - 50
Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i>	51 - 52



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REPORT OF INDEPENDENT ACCOUNTANTS

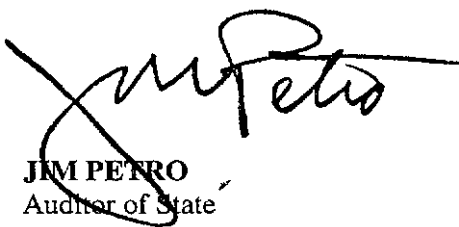
Board of Education
Fairview Park City School District
Cuyahoga County
20770 Lorain Road
Fairview Park, Ohio 44126

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fairview Park City School District, Cuyahoga County, Ohio, as of June 30, 1999, 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 28, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



JIM PETRO
Auditor of State

December 28, 1999

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets & Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,982,725	\$ 419,443	\$ 481,519	\$ 298,271
Restricted Assets	257,040	0	0	0
Cash with Fiscal Agent	0	0	0	0
Cash in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	11,806,133	0	552,339	0
Accounts	1,230	0	0	0
Intergovernmental	0	0	0	0
Interfund	160,500	0	0	0
Materials and Supplies Inventory	0	0	0	0
Fixed Assets (Net, where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt				
Service Fund	0	0	0	0
Amount to be Provided for Benefits	0	0	0	0
Amount to be Provided for Capital Leases	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	\$ 14,207,628	\$ 419,443	\$ 1,033,858	\$ 298,271

See the accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>			<u>Totals</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>(Memorandum Only)</u>	
\$ 193,067	\$ 453,065	\$ 629,244	\$ 0	\$ 0	\$ 4,457,334	
0	0	0	0	0	257,040	
0	1,182	0	0	0	1,182	
0	0	12,470	0	0	12,470	
0	0	0	0	0	12,358,472	
17,021	0	0	0	0	18,251	
4,898	0	0	0	0	4,898	
0	0	0	0	0	160,500	
10,626	0	0	0	0	10,626	
31,844	0	0	18,719,466	0	18,751,310	
0	0	0	0	551,409	551,409	
0	0	0	0	3,920,630	3,920,630	
0	0	0	0	14,715	14,715	
0	0	0	0	4,598,584	4,598,584	
<u>\$ 257,456</u>	<u>\$ 454,247</u>	<u>\$ 641,714</u>	<u>\$ 18,719,466</u>	<u>\$ 9,085,338</u>	<u>\$ 45,117,421</u>	

(Continued)

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 (CONTINUED)
 JUNE 30, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 85,630	\$ 49,541	\$ 0	\$ 7,294
Accrued Wages and Benefits	1,189,595	2,402	0	0
Compensated Absences Payable	131,110	0	0	0
Claims Payable	0	0	0	0
Deferred Revenue	10,406,020	0	482,449	0
Interfund Payable	0	136,000	0	0
Intergovernmental Payable	248,603	1,347	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Lease Obligation Payable	0	0	0	0
Total Liabilities	12,060,958	189,290	482,449	7,294
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Budget Stabilization	200,902	0	0	0
Reserved for Textbook Subsidy	56,138	0	0	0
Reserved for Encumbrances	493,598	125,917	11,222	79,988
Reserved for Property Taxes	1,400,113	0	69,890	0
Unreserved:				
Designated for Future Debt Service Requirements	0	0	470,297	0
Undesignated	(4,081)	104,236	0	210,989
Total Fund Equity and Other Credits	2,146,670	230,153	551,409	290,977
Total Liabilities, Fund Equity and Other Credits	\$ 14,207,628	\$ 419,443	\$ 1,033,858	\$ 298,271

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust And Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$ 4,313	\$ 1,664	\$ 92,059	\$ 0	\$ 0	\$ 240,501
5,411	0	0	0	0	1,197,408
69,587	0	0	0	3,826,578	4,027,275
0	245,252	0	0	0	245,252
0	0	0	0	0	10,888,469
24,500	0	0	0	0	160,500
27,045	0	440,010	0	94,052	811,057
0	0	75,221	0	0	75,221
0	0	0	0	5,149,993	5,149,993
0	0	0	0	14,715	14,715
<u>130,856</u>	<u>246,916</u>	<u>607,290</u>	<u>0</u>	<u>9,085,338</u>	<u>22,810,391</u>
0	0	0	18,719,466	0	18,719,466
126,600	207,331	0	0	0	333,931
0	0	0	0	0	200,902
0	0	0	0	0	56,138
0	0	2,012	0	0	712,737
0	0	0	0	0	1,470,003
0	0	0	0	0	470,297
0	0	32,412	0	0	343,556
<u>126,600</u>	<u>207,331</u>	<u>34,424</u>	<u>18,719,466</u>	<u>0</u>	<u>22,307,030</u>
<u>\$ 257,456</u>	<u>\$ 454,247</u>	<u>\$ 641,714</u>	<u>\$ 18,719,466</u>	<u>\$ 9,085,338</u>	<u>\$ 45,117,421</u>

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 AND SIMILAR TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	(Memorandum Only)
Revenues						
Taxes	\$ 11,753,007	\$ 0	\$ 549,557	\$ 134,759	\$ 0	\$ 12,437,323
Intergovernmental	3,608,275	714,410	74,388	80,809	0	4,477,882
Interest	186,936	12,763	0	6,905	0	206,604
Tuition and Fees	155,543	35,039	0	0	5,565	196,147
Extracurricular Activities	0	257,243	0	0	19,974	277,217
Transportation Fees	20,304	3,410	0	0	0	23,714
Miscellaneous	146,227	17,846	0	0	1,971	166,044
Total Revenues	15,870,292	1,040,711	623,945	222,473	27,510	17,784,931
Expenditures						
Current:						
Instruction:						
Regular	6,898,339	213,896	0	30,371	7,912	7,150,518
Special	1,082,586	59,531	0	0	0	1,142,117
Vocational	348,894	83,470	0	13,335	0	445,699
Other	50,673	0	0	0	0	50,673
Support Services:						
Pupils	878,893	22,061	0	0	0	900,954
Instructional Staff	692,835	29,643	0	0	0	722,478
Board of Education	20,150	0	0	0	0	20,150
Administration	980,350	329	0	0	0	980,679
Fiscal	532,621	0	0	0	0	532,621
Business	22,321	0	0	33,272	0	55,593
Operation and Maintenance of Plant	1,615,064	0	0	220,297	0	1,835,361
Pupil Transportation	491,426	0	0	0	0	491,426
Central	19,634	4,104	0	0	0	23,738
Operation of Non-Instructional Services:						
Community Service	0	427,667	0	0	18,612	446,279
Extracurricular Activities	493,526	160,977	0	0	0	654,503
Capital Outlay	0	0	0	10,168	0	10,168
Debt Service:						
Principal Retirement	11,130	0	420,000	27,024	0	458,154
Interest and Fiscal Charges	875	0	236,965	1,957	0	239,797
Total Expenditures	14,139,317	1,001,678	656,965	336,424	26,524	16,160,908
Excess of Revenues Over (Under) Expenditures	1,730,975	39,033	(33,020)	(113,951)	986	1,624,023
Other Financing Sources (Uses)						
Operating Transfers In	0	27,274	104,103	0	0	131,377
Operating Transfers Out	(133,856)	0	0	0	0	(133,856)
Total Other Financing Sources (Uses)	(133,856)	27,274	104,103	0	0	(2,479)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,597,119	66,307	71,083	(113,951)	986	1,621,544
Fund Balances - Beginning of Year	465,190	163,846	480,326	404,928	33,438	1,547,728
Fund Balances - End of Year	\$ 2,062,309	\$ 230,153	\$ 551,409	\$ 290,977	\$ 34,424	\$ 3,169,272

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS)
 AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 10,844,613	\$ 11,312,067	\$ 467,454
Intergovernmental	3,466,935	3,616,376	149,441
Interest	179,211	186,936	7,725
Tuition and Fees	153,372	159,983	6,611
Extracurricular Activities	0	0	0
Transportation Fees	19,465	20,304	839
Miscellaneous	119,507	124,658	5,151
Total Revenues	14,783,103	15,420,324	637,221
Expenditures			
Current:			
Instruction:			
Regular	7,045,568	7,028,077	17,491
Special	1,392,372	1,392,199	173
Vocational	392,690	384,985	7,705
Other	66,713	54,348	12,365
Support Services:			
Pupils	893,161	891,471	1,690
Instructional Staff	651,455	648,447	3,008
Board of Education	21,775	20,713	1,062
Administration	1,012,510	1,008,675	3,835
Fiscal	507,871	500,908	6,963
Business	36,414	35,082	1,332
Operation and Maintenance of Plant	1,784,071	1,721,793	62,278
Pupil Transportation	584,606	562,428	22,178
Central	29,937	29,894	43
Operation of Non-Instructional Services:			
Community Service	0	0	0
Extracurricular Activities	518,904	491,413	27,491
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	11,130	11,130	0
Interest and Fiscal Charges	875	875	0
Total Expenditures	14,950,052	14,782,438	167,614
Excess of Revenues Over (Under) Expenditures	(166,949)	637,886	804,835
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	(200,785)	(133,856)	66,929
Advances In	13,059	13,059	0
Advances Out	(160,500)	(160,500)	0
Refund of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	14,134	14,134	0
Total Other Financing Sources (Uses)	(334,092)	(267,163)	66,929
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	(501,041)	370,723	871,764
Fund Balances - Beginning of Year	844,641	844,641	0
Prior Year Encumbrances Appropriated	358,693	358,693	0
Fund Balances - End of Year	\$ 702,293	\$ 1,574,057	\$ 871,764

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS)
 AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Intergovernmental	678,107	699,368	21,261
Interest	12,763	12,763	0
Tuition and Fees	35,129	35,129	0
Extracurricular Activities	266,427	257,243	(9,184)
Transportation Fees	3,591	3,410	(181)
Miscellaneous	19,889	19,796	(93)
Total Revenues	<u>1,015,906</u>	<u>1,027,709</u>	<u>11,803</u>
Expenditures			
Current:			
Instruction:			
Regular	264,934	231,654	33,280
Special	186,933	154,218	32,715
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	32,447	30,357	2,090
Instructional Staff	36,309	35,294	1,015
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	38,236	33,686	4,550
Central	0	0	0
Operation of Non-Instructional Services:			
Community Service	504,320	495,953	8,367
Extracurricular Activities	198,209	179,152	19,057
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>1,261,388</u>	<u>1,160,314</u>	<u>101,074</u>
Excess of Revenues Over (Under) Expenditures	<u>(245,482)</u>	<u>(132,605)</u>	<u>112,877</u>
Other Financing Sources (Uses)			
Operating Transfers In	18,774	27,274	8,500
Operating Transfers Out	0	0	0
Advances In	51,000	136,000	85,000
Advances Out	(7,524)	(6,170)	1,354
Refunds of Prior Year Receipts	(5,092)	(5,092)	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>57,158</u>	<u>152,012</u>	<u>94,854</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(188,324)</u>	<u>19,407</u>	<u>207,731</u>
Fund Balances - Beginning of Year	187,688	187,688	0
Prior Year Encumbrances Appropriated	39,049	39,049	0
Fund Balances - End of Year	<u>\$ 38,413</u>	<u>\$ 246,144</u>	<u>\$ 207,731</u>

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS)
 AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>DEBT SERVICE FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 521,280	\$ 524,794	\$ 3,514
Intergovernmental	73,890	74,388	498
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Transportation Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>595,170</u>	<u>599,182</u>	<u>4,012</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services:			
Community Service	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	420,000	420,000	0
Interest and Fiscal Charges	248,187	248,187	0
Total Expenditures	<u>668,187</u>	<u>668,187</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(73,017)</u>	<u>(69,005)</u>	<u>4,012</u>
Other Financing Sources (Uses)			
Operating Transfers In	105,844	104,103	(1,741)
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Refunds of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>105,844</u>	<u>104,103</u>	<u>(1,741)</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>32,827</u>	<u>35,098</u>	<u>2,271</u>
Fund Balances - Beginning of Year	435,199	435,199	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances - End of Year	<u>\$ 468,026</u>	<u>\$ 470,297</u>	<u>\$ 2,271</u>

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS)
 AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 148,303	\$ 147,722	\$ (581)
Intergovernmental	80,892	80,809	(83)
Interest	4,552	6,905	2,353
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Transportation Fees	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>233,747</u>	<u>235,436</u>	<u>1,689</u>
Expenditures			
Current:			
Instruction:			
Regular	69,073	64,380	4,693
Special	0	0	0
Vocational	19,391	17,023	2,368
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	36,525	36,525	0
Operation and Maintenance of Plant	77,416	73,524	3,892
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services:			
Community Service	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	201,714	201,250	464
Debt Service:			
Principal Retirement	27,024	27,024	0
Interest and Fiscal Charges	1,957	1,957	0
Total Expenditures	<u>433,100</u>	<u>421,683</u>	<u>11,417</u>
Excess of Revenues Over (Under) Expenditures	<u>(199,353)</u>	<u>(186,247)</u>	<u>13,106</u>
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Refunds of Prior Year Receipts	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	<u>(199,353)</u>	<u>(186,247)</u>	<u>13,106</u>
Fund Balances - Beginning of Year	307,960	307,960	0
Prior Year Encumbrances Appropriated	93,919	93,919	0
Fund Balances - End of Year	<u>\$ 202,526</u>	<u>\$ 215,632</u>	<u>\$ 13,106</u>

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>TOTALS (MEMORANDUM ONLY)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 11,514,196	\$ 11,984,583	\$ 470,387
Intergovernmental	4,299,824	4,470,941	171,117
Interest	196,526	206,604	10,078
Tuition and Fees	188,501	195,112	6,611
Extracurricular Activities	266,427	257,243	(9,184)
Transportation Fees	23,056	23,714	658
Miscellaneous	139,396	144,454	5,058
Total Revenues	<u>16,627,926</u>	<u>17,282,651</u>	<u>654,725</u>
Expenditures			
Current:			
Instruction:			
Regular	7,379,575	7,324,111	55,464
Special	1,579,305	1,546,417	32,888
Vocational	412,081	402,008	10,073
Other	66,713	54,348	12,365
Support Services:			
Pupils	925,608	921,828	3,780
Instructional Staff	687,764	683,741	4,023
Board of Education	21,775	20,713	1,062
Administration	1,012,510	1,008,675	3,835
Fiscal	507,871	500,908	6,963
Business	72,939	71,607	1,332
Operation and Maintenance of Plant	1,861,487	1,795,317	66,170
Pupil Transportation	622,842	596,114	26,728
Central	29,937	29,894	43
Operation of Non-Instructional Services:			
Community Service	504,320	495,953	8,367
Extracurricular Activities	717,113	670,565	46,548
Capital Outlay	201,714	201,250	464
Debt Service:			
Principal Retirement	458,154	458,154	0
Interest and Fiscal Charges	251,019	251,019	0
Total Expenditures	<u>17,312,727</u>	<u>17,032,622</u>	<u>280,105</u>
Excess of Revenues Over(Under) Expenditures	<u>(684,801)</u>	<u>250,029</u>	<u>934,830</u>
Other Financing Sources (Uses)			
Operating Transfers In	124,618	131,377	6,759
Operating Transfers Out	(200,785)	(133,856)	66,929
Advances In	64,059	149,059	85,000
Advances Out	(168,024)	(166,670)	1,354
Refund of Prior Year Receipts	(5,092)	(5,092)	0
Refund of Prior Year Expenditures	14,134	14,134	0
Total Other Financing Sources (Uses)	<u>(171,090)</u>	<u>(11,048)</u>	<u>160,042</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(855,891)</u>	<u>238,981</u>	<u>1,094,872</u>
Fund Balances - Beginning of Year	<u>1,775,488</u>	<u>1,775,488</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>491,661</u>	<u>491,661</u>	<u>0</u>
Fund Balances - End of Year	<u>\$ 1,411,258</u>	<u>\$ 2,506,130</u>	<u>\$ 1,094,872</u>

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Types</u>		Totals
	<u>Enterprise Funds</u>	<u>Internal Service</u>	(Memorandum Only)
<u>Operating Revenues</u>			
Tuition and Fees	\$ 74,988	\$ 0	\$ 74,988
Extracurricular Activities	163,878	0	163,878
Charges for Services	505,850	1,090,227	1,596,077
Miscellaneous	1,341	0	1,341
Total Operating Revenues	<u>746,057</u>	<u>1,090,227</u>	<u>1,836,284</u>
<u>Operating Expenses</u>			
Salaries and Wages	414,429	0	414,429
Fringe Benefits	102,554	165,707	268,261
Contractual Services	70,086	779,042	849,128
Materials and Supplies	192,269	0	192,269
Depreciation	4,403	0	4,403
Other	1,337	73,471	74,808
Total Operating Expenses	<u>785,078</u>	<u>1,018,220</u>	<u>1,803,298</u>
Operating Income (Loss)	<u>(39,021)</u>	<u>72,007</u>	<u>32,986</u>
<u>Non-Operating Revenues (Expenses)</u>			
Operating Grants	35,329	0	35,329
Transfers In	2,479	0	2,479
Total Non-Operating Revenues (Expenses)	<u>37,808</u>	<u>0</u>	<u>37,808</u>
Net Income (Loss)	<u>(1,213)</u>	<u>72,007</u>	<u>70,794</u>
Retained Earnings-Beginning of Year	<u>127,813</u>	<u>135,324</u>	<u>263,137</u>
Total Retained Earnings - End of Year	<u>\$ 126,600</u>	<u>\$ 207,331</u>	<u>\$ 333,931</u>

See accompanying notes to the general purpose financial statements.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS -
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Operations	\$ 729,253	\$ 1,090,227	\$ 1,819,480
Cash Paid to Employees for Services	(418,153)	0	(418,153)
Cash Paid for Employee Benefits	(96,201)	(165,707)	(261,908)
Cash Paid to Suppliers for Goods and Services	(269,428)	(795,032)	(1,064,460)
Cash Payments for Other Activities	(1,337)	(73,471)	(74,808)
Cash Received from Quasi-External Operating Transactions	24,500	0	24,500
Cash Payments for Quasi-External Operating Transactions	(6,889)	0	(6,889)
Net Cash Provided by Operating Activities	<u>(38,255)</u>	<u>56,017</u>	<u>17,762</u>
<u>Cash Flows from Non-Capital Financing Activities</u>			
Cash from Grants	29,883	0	29,883
Operating Transfers In	2,479	0	2,479
Net Cash (Used in) Non-Capital Financing Activities	<u>32,362</u>	<u>0</u>	<u>32,362</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisitions of Fixed Assets	(16,350)	0	(16,350)
Net Cash (Used in) Capital and Related Financing Activities	<u>(16,350)</u>	<u>0</u>	<u>(16,350)</u>
Net Increase in Cash and Cash Equivalents	(22,243)	56,017	33,774
Cash and Cash Equivalents - Beginning of Year	215,310	397,048	612,358
Cash and Cash Equivalents - End of Year	<u>\$ 193,067</u>	<u>\$ 453,065</u>	<u>\$ 646,132</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>			
Operating Income (Loss)	\$ (39,021)	\$ 72,007	\$ 32,986
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities</u>			
Depreciation Expense	4,403	0	4,403
(Increase) Decrease in Assets:			
Accounts Receivable	(16,804)	0	(16,804)
Inventory Held for Resale	(4,621)	0	(4,621)
Increase (Decrease) in Liabilities:			
Accounts Payable	(2,452)	0	(2,452)
Accrued Wages and Benefits	(520)	0	(520)
Claims Payable	0	(15,990)	(15,990)
Intergovernmental Payable	8,464	0	8,464
Compensated Absences	(5,315)	0	(5,315)
Interfund Payable	17,611	0	17,611
Total Adjustments	<u>766</u>	<u>(15,990)</u>	<u>(15,224)</u>
Net Cash Provided by Operating Activities	<u>\$ (38,255)</u>	<u>\$ 56,017</u>	<u>\$ 17,762</u>

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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

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

Reporting Entity

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

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

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

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

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

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

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

Governmental Fund Types

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

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

Governmental Fund Types (Continued)

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

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

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

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

Proprietary Fund Types

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

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

Proprietary Fund Types (Continued)

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

Fiduciary Fund Types

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

Account Groups

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

B. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

C. **Budgetary Process** (Continued)

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

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

C. **Budgetary Process** (Continued)

Appropriations (Continued)

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

Encumbrances

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

Lapsing of Appropriations

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

D. **Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to U.S. Agency securities, repurchase agreements, and STAROhio, the State Treasurer's Investment pool. At the fiscal year ended June 30, 1999, the District's investments were repurchase agreements and STAROhio. All investments of the District had a maturity of one year or less. Except for the repurchase agreements, investments are reported at fair value, which is based on quoted market prices. Repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with 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, 1999.

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$186,936, which includes \$100,720 assigned from other District funds.

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

E. **Restricted Assets**

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

F. **Inventory**

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

G. **Fixed Assets and Depreciation**

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

G. **Fixed Assets and Depreciation** (Continued)

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

H. **Intergovernmental Revenues**

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Preschool
Auxiliary Services
Education Management Information Systems
Title I
Title II
Title VI-B
Drug-Free Schools
Teacher Development

Capital Projects Funds

School Net Plus
Vocational Education

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

H. **Intergovernmental Revenues** (Continued)

Grants and entitlements amounted to approximately 26 percent of the District's operating revenue during the 1999 fiscal year.

I. **Compensated Absences**

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

J. **Accrued Liabilities and Long-Term Obligations**

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

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

K. **Fund Balance Reserves**

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

L. **Estimates**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

M. **Total Columns on General Purpose Financial Statements**

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

NOTE 3: **RESTATEMENTS OF FUND EQUITY**

Due to an accounting error in recording capital leases, the general long term debt account group's total liabilities decreased from \$9,555,393 to \$9,531,413.

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING**

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	\$ 1,597,119	\$ 66,307	\$ 71,083	\$ (113,951)
Net Adjustments for				
Revenue Accruals	(422,775)	122,998	(24,763)	12,963
Net Adjustments for				
Expenditure Accruals	(231,862)	4,354	0	(2,856)
Adjustments for Encumbrances	(571,759)	(174,252)	(11,222)	(82,403)
Budget Basis	<u>\$ 370,723</u>	<u>\$ 19,407</u>	<u>\$ 35,098</u>	<u>\$ (186,247)</u>

NOTE 5: **DEPOSITS AND INVESTMENTS**

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

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

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds or other obligations of the State of Ohio;
5. No-loan money market mutual funds consisting exclusively of obligations described in division (1) or division (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Historically, the District has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits

At June 30, 1999, the carrying amount of the District's deposits was \$179,925 and the bank balance was \$542,820. Of the bank balance, \$101,182 was covered by Federal Depository Insurance and \$441,638 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

GASB Statement No. 3 requires the District's investments be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

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

Investments (Continued)

The District invested in the State Treasury Asset Reserve of Ohio (STAROhio) during the 1998-1999 fiscal year. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for at June 30, 1999. STAROhio are unclassified investments since they are 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	\$ 2,550,097	\$ 2,550,097	\$ 2,550,366
	<u>2,550,097</u>	<u>2,550,997</u>	<u>2,550,366</u>
STAROhio (Uncategorized)		1,913,643	1,913,643
Totals		<u>\$ 4,463,740</u>	<u>\$ 4,464,009</u>

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement 9	\$ 4,643,665	\$ 0
Investments:		
Repurchase Agreement	(2,550,097)	2,550,097
STAROhio	(1,913,643)	1,913,643
GASB Statement 3	<u>\$ 179,925</u>	<u>\$ 4,463,740</u>

Included in the carrying amount above is cash with fiscal agents of \$1,182, and cash in segregated accounts of \$12,470.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 6: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value listed as of January 1, 1999, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 1999 real property taxes are collected in and intended to financial fiscal year 2000.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at 35 percent of true value. Public utility property taxes for 1999 are levied after April 1, 1999 on the assessed value listed as of December 31, 1998, the lien date, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1999 on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998		1999	
	<u>Second Half Collections</u>		<u>First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 291,526,880	95.57%	\$ 294,268,280	95.52%
Public Utility	8,458,400	2.77%	8,544,650	2.77%
Tangible Personal Property	5,057,739	1.66%	5,269,534	1.71%
Total Assessed Value	<u>\$ 305,043,019</u>	<u>100.00%</u>	<u>\$ 308,082,464</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$ 78.10		\$ 76.20	

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

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

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

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county. The County Auditor periodically remits to the District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 1999. 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, 1999 was \$1,470,003 and is recognized as revenue. \$1,400,113 was available to the general fund, and \$69,890 was available to the bond retirement fund.

NOTE 7: **RECEIVABLES**

Receivables at June 30, 1999 consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 7: **RECEIVABLES** (Continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Enterprise Fund	
National School Lunch Program	\$ 4,898
Total Intergovernmental Receivables	\$ 4,898

NOTE 8: **FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 1999 follows:

	<u>Balance at 6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/99</u>
Land Improvements	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Building and Improvements	4,433	0	0	4,433
Furniture and Equipment	87,635	16,350	0	103,985
Less Accumulated Depreciation	(76,171)	(4,403)	0	(80,574)
Net Fixed Assets	\$ 19,897	\$ 11,947	\$ 0	\$ 31,844

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	<u>Balance at 6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/99</u>
Land and Improvements	\$ 1,130,124	\$ 0	\$ 0	\$ 1,130,124
Building and Improvements	7,090,391	7,080,548	0	14,170,939
Furniture, Fixtures and Equipment	2,506,370	150,335	0	2,656,705
Vehicles	761,698	0	0	761,698
Construction in Progress	6,865,718	209,930	(7,075,648)	0
Total General Fixed Assets	\$18,354,301	\$ 7,440,813	\$(7,075,648)	\$18,719,466

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 9: **RISK MANAGEMENT**

A. **Property and Liability**

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

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

The Travelers Property Casualty Insurance Company maintains both a \$20,000 public official bond for the Superintendent and a \$20,000 public official bond for the Board of Education President. A \$100,000 public official bond for the current Treasurer is maintained by Wausau Insurance Company. Travelers Property Casualty Insurance Company maintained a \$100,000 public official bond for the prior Treasurer. Other employees handling money are also covered by performance bonds provided by Nationwide Mutual Insurance Company.

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage Amount</u>
Crum & Forster	Building and Contents (\$1,000 deductible)	\$2,013,722
CNA Insurance	Boiler and Machinery (\$1,000 deductible)	30,000,000
Crum & Forster	Inland Marine (\$250 deductible)	842,944
Crum & Forster	Crime Insurance (\$1,000 deductible)	250,000
Wausau Insurance	Automobile Liability (\$1,000 deductible)	2,000,000
Wausau Insurance	Uninsured Motorists (\$1,000 deductible)	2,000,000
Wausau Insurance	General Liability (per occurrence)	1,000,000
Wausau Insurance	General Liability (total per year)	5,000,000

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

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

B. Worker's Compensation

The District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool for calendar year 1999 (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the GRP.

C. Employee Insurance Benefits

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool in which monthly payments are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$245,252 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses (GASB 30). Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning <u>of Year</u>	Current <u>Year Claims</u>	Claims <u>Payments</u>	Balance at <u>End of Year</u>
1998	\$ 233,293	\$ 584,438	\$(555,036)	\$ 262,695
1999	\$ 262,695	\$ 777,561	\$(795,004)	\$ 245,252

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

NOTE 10: **DEFINED BENEFIT PENSION PLANS**

A. **School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for fiscal year 1999. A portion of the District's contribution is used to fund pension obligations, with the remainder being used to fund health care benefits. For fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$318,338, \$364,600, and \$338,700, respectively. 65 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997, with \$112,492 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. **State Teachers Retirement System**

The District participates in 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$1,098,706, \$1,104,100, and \$1,061,100, respectively. 75 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$278,034, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. **Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11: **POSTEMPLOYMENT BENEFITS**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve fund, an increase from 3.5 percent for fiscal year 1998. For the District, this amount equaled \$627,832 during the 1999 fiscal year. STRS pays health care benefits from the Health Care Reserve fund. The balance in the fund was \$2.156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$30,606 during the 1999 fiscal year. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of asset target level for the Health Care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 12: **EMPLOYEE BENEFITS**

A. **Compensated Absences**

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

Vacation Leave

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

<u>Completed Service</u>	<u>Vacation Leave</u>
After 1 year	2 weeks
5 thru 9 years	3 weeks
10 thru 19 years	4 weeks
20 or more years	5 weeks

Administrative personnel accumulate 20 days vacation leave. As of June 30, 1999, the District recorded, as a fund liability, a vacation leave liability of \$35,526 and \$20,625 in the General Long-Term Obligation Account Group.

Sick Leave

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

In place of the "1/4 and 40 day" limitation, employees who meet the eligibility requirements for retirement with either: a) twenty-five years of service and age 55 or over, b) five years of service and age 60 or over, or c) any age with thirty years of service shall be eligible for an extended severance pay benefit. This extended severance pay benefit shall be equal to the employee's daily rate of pay times 100 percent of the employee's first 150 days for certified and 130 days for non-certified of accrued but unused sick leave. As of June 30, 1999, the District recorded \$62,046 as a fund liability and \$3,535,564 in the general long-term obligations account group for sick pay-related severance benefits.

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 13: LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98 <u>Restated</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding 6/30/99
Energy Improvement Bonds 1991 - 6.33%	\$ 435,000	\$ 0	\$ 90,000	\$ 345,000
Library Improvement Bonds 1995 - 5.53%	5,134,993	0	330,000	4,804,993
Total Long-Term Bonds	<u>5,569,993</u>	<u>0</u>	<u>420,000</u>	<u>5,149,993</u>
Pension Obligation	24,103	94,052	24,103	94,052
Compensated Absences	3,884,448	0	57,870	3,826,578
Capital Lease Obligation	52,869	0	38,154	14,715
Total General Long- Term Obligations	<u>\$ 9,531,413</u>	<u>\$ 94,052</u>	<u>\$ 540,127</u>	<u>\$ 9,085,338</u>

All bonds outstanding are general obligations of the District to which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligation account group. Payments of principal and interest relating to the liabilities of the energy improvement and library improvement bonds are recorded as expenditures in the debt service fund.

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

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

Principal and interest requirements to retire general obligation debt at June 30, 1999, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 440,000	\$ 228,449	\$ 668,449
2001	475,000	206,663	681,663
2002	440,000	184,054	624,054
2003	320,000	165,723	485,723
2004	147,109	346,414	493,523
2005-2009	1,312,884	1,123,541	2,436,425
2010-2014	2,015,000	263,157	2,278,157
	<u>\$ 5,149,993</u>	<u>\$ 2,518,001</u>	<u>\$ 7,667,994</u>

NOTE 14: **CAPITAL LEASES**

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the general fixed asset account group and the general long-term debt account group, respectively. The assets under the capital leases totaled \$330,665 at June 30, 1999. The leases are in effect through 2002.

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

<u>Year Ending June 30</u>	<u>Amount</u>
2000	\$ 13,782
2001	1,034
2002	516
Total Minimum Lease Payment	<u>15,332</u>
Less: Amount Representing Interest	(617)
Net Present Value of Minimum Lease Payments	<u>\$ 14,715</u>

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 15: OPERATING LEASE

The District is obligated under a certain lease accounted for as an operating lease through COMDOC. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreement are not reflected in the District's account group. During fiscal year 1999, expenditures for the operating lease totaled \$78,523. The following is a schedule of future minimum lease payments as of June 30, 1999:

<u>Year Ending</u> <u>June 30</u>	<u>Lease</u> <u>Payment</u>
2000	\$ 82,297
2001	82,297
2002	82,297
2003	13,716
Total	<u>\$ 260,607</u>

NOTE 16: INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999 consists of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 160,500	\$ 0
Special Revenue:		
Preschool	0	3,000
Drug Free Schools	0	4,000
Title VI B	0	85,000
Chapter One	0	44,000
Total Special Revenue	<u>0</u>	<u>136,000</u>
Enterprise:		
Food Service	0	14,000
Uniform School Supply	0	5,000
Swimming Pool Fund	0	3,000
Summer School Consortium	0	2,500
Total Enterprise	<u>0</u>	<u>24,500</u>
Total All Funds	<u>\$ 160,500</u>	<u>\$ 160,500</u>

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Day Care</u>	<u>Adult Education</u>	<u>Swimming Pool</u>	<u>Summer School</u>	<u>Total</u>
Operating Revenues	\$ 175,914	\$ 13,912	\$ 521,829	\$ 0	\$ 25,372	\$ 9,030	\$ 746,057
Operating Expenses							
before Depreciation	210,882	23,301	517,499	0	23,011	5,982	780,675
Depreciation Expense	95	0	4,308	0	0	0	4,403
Operating Income (Loss)	(35,063)	(9,389)	22	0	2,361	3,048	(39,021)
Operating Grants	35,329	0	0	0	0	0	35,329
Operating Transfers In	0	0	0	0	0	2,479	2,479
Net Income (Loss)	266	(9,389)	22	0	2,361	5,527	(1,213)
Fixed Assets Additions	0	0	16,350	0	0	0	16,350
Net Working Capital	(46,436)	5,888	133,132	1,108	(4,893)	5,957	94,756
Total Assets	11,179	10,888	224,425	1,108	904	8,952	257,456
Total Equity	(45,879)	5,888	164,419	1,108	(4,893)	5,957	126,600

NOTE 18: PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

NOTE 19: **JOINTLY GOVERNED ORGANIZATIONS**

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

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

B. **Polaris Career Center**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

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

C. **Ohio School Council**

The Ohio School Council (Council) is a jointly governed organization among eighty-two school districts. This jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. The Council sponsors an insurance purchasing plan, the Cooperative Purchasing Program, and a natural gas purchasing program, in which the District participates. Each school district supports the Council by paying a one time fee of \$500 and certain annual participation fees. The Council's Board consists of seven superintendents of the participating school districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. The District participates in the Council's electric purchasing program, which was implemented during fiscal year 1998. This program allows districts to purchase electricity at reduced rates, if the districts will commit to participating for an eight year period. The participants make monthly payments based upon estimated usage. Each June these estimated payments are compared to their actual usage of the year and necessary adjustments are made. Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to prepurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates the agreement, the District is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation. Financial information can be obtained by contacting Joseph Lesak, Executive Secretary/Treasurer at the Ohio School Council at 155 Center Road, Bedford, Ohio 44146.

NOTE 20: **CONTINGENCIES**

A. **Grants**

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

NOTE 20: **CONTINGENCIES** (Continued)

B. Litigation

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

NOTE 21: **SCHOOL FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio School Funding Plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$2,058,569 of School Foundation support for all of its general fund.

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

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999
 (CONTINUED)

NOTE 22: SET ASIDE REQUIREMENTS

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Reserve</u>	<u>Totals</u>
Set-Aside Balance Carried Forward July 1, 1998	\$ 0	\$ 0	\$ 87,629	\$ 87,629
Current Year Set-Aside Requirements	226,545	226,545	113,273	566,363
Qualifying Expenditures	(170,407)	(112,361)	0	(282,768)
Offsets	0	(147,722)	0	(147,722)
Total	<u>\$ 56,138</u>	<u>\$ (33,538)</u>	<u>\$ 200,902</u>	<u>\$ 223,502</u>
Cash Balance Carried Forward to FY 2000	<u>\$ 56,138</u>	<u>\$ 0</u>	<u>\$ 200,902</u>	<u>\$ 257,040</u>
Amount Restricted for Textbook Subsidy				\$ 56,138
Amount Restricted for Budget Stabilization				200,902
Total Restricted Assets				<u>\$ 257,040</u>

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

NOTE 23: SUBSEQUENT EVENTS

In February, 1999, the District placed an operating levy of 7.25 mills on the ballot. The levy went down to defeat. The District placed another 7.25 mill operating levy on the May, 1999 ballot, which also went down to defeat. On November 5, 1999, the District placed a 6.9 mill continuing operating levy on the ballot which was defeated.

NOTE 24: YEAR 2000 ISSUE

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

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

The Lake Erie Education Computer Association State Software Development Team has indicated that:

“The payroll processing software supported with OCEN State Software is compliant with the Year 2000, beginning with the September, 1997 release of USPS V4.0.”

“The accounting software that is supported with OCEN State Software will be compliant with the Year 2000, beginning with the June, 1998 release of USAS V6.1.”

“The education management information system software supported with the OCEN State Software will be compliant with the Year 2000, beginning with the September, 1998 release of EMIS V1.7,”

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

FAIRVIEW PARK CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(CONTINUED)

NOTE 24: **YEAR 2000 ISSUE** (Continued)

Property tax billing, collection, and remittance for the District is handled by Cuyahoga County. The County is responsible for remediating this system and is solely responsible for any costs associated with it.

The Cleveland Electric Illuminating Company (CEI) provides the electricity to the District. The District has not obtained assurances from CEI regarding remediating this system. CEI is responsible for remediating this system.

The City of Cleveland provides water services and the City of Fairview Park provides sewer and sanitation services to the District. These cities are responsible for remediating these systems.

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



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

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

We have audited the financial statements of the Fairview Park City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 28, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 28, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 28, 1999.

Fairview Park City School District
Report on Compliance and on Internal Control Required By
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and "P".

JIM PETRO
Auditor of State

December 28, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

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FAIRVIEW PARK CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*

Date: JAN 11 2000