



**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

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**STATE OF OHIO**



**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Cuyahoga Falls City School District  
Summit County  
431 Stow Avenue  
Cuyahoga Falls, Ohio 44222

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Cuyahoga Falls City School District, Summit County, (the District) as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Cuyahoga Falls City School District, Summit County as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

December 28, 2001

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CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>ASSETS AND OTHER DEBITS</b>										
<b>ASSETS:</b>										
Equity in pooled cash and cash equivalents . . . . .	\$1,737,719	\$1,185,119	\$256,590	\$755,176	\$79,760	\$115,338	\$700,915			\$4,830,617
Equity in pooled cash and cash equivalents - nonexpendable trust fund . . . . .							69,836			69,836
Cash in segregated accounts . . . . .						122,865				122,865
Receivables (net of allowances of uncollectibles):										
Property taxes - current & delinquent . .	18,684,779		830,229							19,515,008
Accounts . . . . .	2,918	36			1,311	32,854	529			37,648
Interfund loan receivable . . . . .	124,758									124,758
Due from other governments . . . . .							382,651			382,651
Prepayments . . . . .	20,903									20,903
Materials and supplies inventory . . . . .	60,637				47,727					108,364
Restricted assets:										
Equity in pooled cash and cash equivalents . . . . .	94,659									94,659
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					214,703			\$35,267,906		35,482,609
<b>OTHER DEBITS:</b>										
Amount available in Debt Service Fund .									\$274,543	274,543
Amount to be provided for retirement of General Long-Term Obligations. . . . .									10,072,148	10,072,148
Total assets and other debits . . . . .	<u>\$20,726,373</u>	<u>\$1,185,155</u>	<u>\$1,086,819</u>	<u>\$755,176</u>	<u>\$343,501</u>	<u>\$271,057</u>	<u>\$1,153,931</u>	<u>\$35,267,906</u>	<u>\$10,346,691</u>	<u>\$71,136,609</u>

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

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CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
<b>LIABILITIES:</b>										
Accounts payable . . . . .	\$391,193	\$145,813		\$38,000	\$4,848	\$906	\$1,811			\$582,571
Accrued wages and benefits. . . . .	2,773,734	122,947			32,140	4,615	67,872			3,001,308
Compensated absences payable. . . . .	436,582			8,184	39,314		14,331		\$1,083,421	1,581,832
Contracts payable . . . . .				8,465						8,465
Pension obligation payable . . . . .	520,904	16,866		1,104	48,860	4,446	9,598		282,361	884,139
Interfund loan payable . . . . .		66,510			10,897		47,351			124,758
Claims payable . . . . .						516,285				516,285
Deferred revenue . . . . .	18,194,690	7,327	812,250		19,402	11,680				19,045,349
Due to other governments. . . . .	1,837		26				600,340			602,203
Due to students . . . . .							60,780			60,780
Undistributed monies . . . . .							219,369			219,369
General obligation bonds payable. . . . .									7,485,000	7,485,000
Energy conservation bonds payable. . . . .									900,000	900,000
5 Bond anticipation note payable . . . . .				610,000						610,000
Asbestos loan payable. . . . .									303,183	303,183
Obligation under capital lease. . . . .									292,726	292,726
<b>Total liabilities . . . . .</b>	<b>22,318,940</b>	<b>359,463</b>	<b>812,276</b>	<b>665,753</b>	<b>155,461</b>	<b>537,932</b>	<b>1,021,452</b>		<b>10,346,691</b>	<b>36,217,968</b>
<b>EQUITY (DEFICIENCY) AND OTHER CREDITS:</b>										
Investment in general fixed assets. . . . .								\$35,267,906		35,267,906
Contributed capital. . . . .					208,659					208,659
Accumulated deficit . . . . .					(20,619)	(266,875)				(287,494)
<b>Fund balances:</b>										
Reserved for encumbrances . . . . .	835,564	407,614		65,525			7,477			1,316,180
Reserved for materials and supplies inventory . . . . .	60,637									60,637
Reserved for prepayments . . . . .	20,903									20,903
Reserved for debt service. . . . .			257,405							257,405
Reserved for property taxes . . . . .	430,798		17,138							447,936
Reserved for principal endowment. . . . .							65,000			65,000
Reserved for capital maintenance . . . . .	22,071									22,071
Reserved for unclaimed monies . . . . .	14,727									14,727
Reserved for scholarships . . . . .							4,836			4,836
Reserved for BWC refund . . . . .	94,659									94,659
Unreserved-undesignated. . . . .	(3,071,926)	418,078		23,898			55,166			(2,574,784)
<b>Total equity and other credits . . . . .</b>	<b>(1,592,567)</b>	<b>825,692</b>	<b>274,543</b>	<b>89,423</b>	<b>188,040</b>	<b>(266,875)</b>	<b>132,479</b>	<b>35,267,906</b>		<b>34,918,641</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$20,726,373</b>	<b>\$1,185,155</b>	<b>\$1,086,819</b>	<b>\$755,176</b>	<b>\$343,501</b>	<b>\$271,057</b>	<b>\$1,153,931</b>	<b>\$35,267,906</b>	<b>\$10,346,691</b>	<b>\$71,136,609</b>

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

CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (DEFICIT)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$18,106,361		\$1,000,382			\$19,106,743
Tuition . . . . .	195,439					195,439
Interest revenue . . . . .	320,006	\$11,840		\$72,778	\$4,155	408,779
Other local revenues . . . . .	370,320	408,715	250	282,285	8,583	1,070,153
Other revenue . . . . .	26,937	25,287	5,492			57,716
Intergovernmental - State . . . . .	13,867,142	1,310,182	82,560	197,177		15,457,061
Intergovernmental - Federal . . . . .		1,526,317				1,526,317
<b>Total revenues . . . . .</b>	<b>32,886,205</b>	<b>3,282,341</b>	<b>1,088,684</b>	<b>552,240</b>	<b>12,738</b>	<b>37,822,208</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	16,391,067	266,201		142,991	7,256	16,807,515
Special . . . . .	2,739,707	698,066			177	3,437,950
Vocational . . . . .	816,730	196,703				1,013,433
Adult/Continuing . . . . .	707,240	1,202				708,442
Support services:						
Pupil . . . . .	2,017,853	232,280				2,250,133
Instructional staff . . . . .	898,051	330,245			817	1,229,113
Board of Education . . . . .	55,151					55,151
Administration . . . . .	2,385,869	22,993				2,408,862
Fiscal . . . . .	627,849		9,313			637,162
Business . . . . .	351,163					351,163
Operations and maintenance . . . . .	4,314,521	30,735		4,223		4,349,479
Pupil transportation . . . . .	947,179	1,870				949,049
Central . . . . .	210,737	41,324		38,000		290,061
Community services . . . . .		856,363			4,244	860,607
Extracurricular activities . . . . .	499,599	285,163				784,762
Facilities services . . . . .				1,598,983		1,598,983
Debt service:						
Principal retirement . . . . .	95,216		810,000			905,216
Interest and fiscal charges . . . . .	67,052		408,310	32,286		507,648
<b>Total expenditures . . . . .</b>	<b>33,124,984</b>	<b>2,963,145</b>	<b>1,227,623</b>	<b>1,816,483</b>	<b>12,494</b>	<b>39,144,729</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(238,779)	319,196	(138,939)	(1,264,243)	244	(1,322,521)
expenditures and other financing (uses) . . . . .	(238,779)	319,196	(138,939)	(1,264,243)	244	(1,322,521)
Fund balance (Deficit), July 1 . . . . .	(1,304,806)	506,496	413,482	1,353,666	62,399	1,031,237
Decrease in reserve for inventory . . . . .	(48,982)					(48,982)
<b>Fund balance (Deficit), June 30 . . . . .</b>	<b>(\$1,592,567)</b>	<b>\$825,692</b>	<b>\$274,543</b>	<b>\$89,423</b>	<b>\$62,643</b>	<b>(\$340,266)</b>

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

**CUYAHOGA FALLS CITY SCHOOL DISTRICT**  
**SUMMIT COUNTY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
From local sources:															
Taxes.....	\$15,140,397	\$15,140,397	\$0				\$4,029,925	\$4,029,925	\$0				\$19,170,322	\$19,170,322	\$0
Tuition.....	195,439	195,439	0										195,439	195,439	0
Interest Revenue.....	320,006	320,006	0	11,840	11,840	0				72,778	72,778	0	404,624	404,624	0
Other local revenues.....	292,642	292,642	0	408,929	408,929	0	132,536	132,536	0	150,000	150,000	0	984,107	984,107	0
Other revenue.....	26,937	26,937	0	25,287	25,287	0	5,492	5,492	0				57,716	57,716	0
Intergovernmental - State.....	13,867,143	13,867,143	0	1,310,180	1,310,180	0	82,560	82,560	0	197,177	197,177	0	15,457,060	15,457,060	0
Intergovernmental - Federal.....				2,743,063	2,743,063	0							2,743,063	2,743,063	0
Total revenues.....	<u>29,842,564</u>	<u>29,842,564</u>	<u>0</u>	<u>4,499,299</u>	<u>4,499,299</u>	<u>0</u>	<u>4,250,513</u>	<u>4,250,513</u>	<u>0</u>	<u>419,955</u>	<u>419,955</u>	<u>0</u>	<u>39,012,331</u>	<u>39,012,331</u>	<u>0</u>
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular.....	16,629,344	16,533,696	95,648	313,677	277,648	36,029				215,940	151,143	64,797	17,158,961	16,962,487	196,474
Special.....	2,718,429	2,711,344	7,085	766,576	678,531	88,045							3,485,005	3,389,875	95,130
Vocational.....	828,768	826,403	2,365	223,631	197,946	25,685							1,052,399	1,024,349	28,050
Other.....	945,612	945,391	221	2,295	2,030	265							947,907	947,421	486
Support services:															
Pupil.....	2,015,118	2,014,095	1,023	849,137	751,607	97,530							2,864,255	2,765,702	98,553
Instructional staff.....	891,741	889,184	2,557	824,499	729,797	94,702							1,716,240	1,618,981	97,259
Board of Education.....	84,713	83,182	1,531										84,713	83,182	1,531
Administration.....	2,494,755	2,491,515	3,240	462,812	409,656	53,156							2,957,567	2,901,171	56,396
Fiscal.....	634,831	632,554	2,277				9,429	9,429	0				644,260	641,983	2,277
Business.....	352,180	350,925	1,255	35,635	31,541	4,094							387,815	382,466	5,349
Operations and maintenance.....	4,400,344	4,398,153	2,191	99,943	88,466	11,477				12,881	12,384	497	4,513,168	4,499,003	14,165
Pupil transportation.....	938,204	936,201	2,003	2,113	1,870	243							940,317	938,071	2,246
Central.....	450,109	448,797	1,312	51,840	45,886	5,954							501,949	494,683	7,266
Community services.....				1,072,384	949,215	123,169							1,072,384	949,215	123,169
Extracurricular activities.....				366,147	324,093	42,054							870,738	826,604	44,134
Facilities services.....										1,768,367	1,766,991	1,376	1,768,367	1,766,991	1,376
Debt service:															
Principal retirement.....	26,364	26,364	0				4,520,000	4,520,000	0				4,546,364	4,546,364	0
Interest and fiscal charges.....							470,393	470,393	0				470,393	470,393	0
Total expenditures.....	<u>33,915,103</u>	<u>33,790,315</u>	<u>124,788</u>	<u>5,070,689</u>	<u>4,488,286</u>	<u>582,403</u>	<u>4,999,822</u>	<u>4,999,822</u>	<u>0</u>	<u>1,997,188</u>	<u>1,930,518</u>	<u>66,670</u>	<u>45,982,802</u>	<u>45,208,941</u>	<u>773,861</u>
Excess (deficiency) of revenues over (under) expenditures.....	(4,072,539)	(3,947,751)	124,788	(571,390)	11,013	582,403	(749,309)	(749,309)	0	(1,577,233)	(1,510,563)	66,670	(6,970,471)	(6,196,610)	773,861
Other financing sources (uses):															
Refund of prior year's expenditures.....	87,610	87,610	0										87,610	87,610	0
Refund of prior year's (receipts).....				(703)	(622)	81							(703)	(622)	81
Advances in.....	197,158	197,158	0	66,509	66,509	0							263,667	263,667	0
Advances (out).....		(124,758)	(124,758)	(132,363)	(117,161)	15,202							(132,363)	(241,919)	(109,556)
Proceeds from notes.....	3,000,000	3,000,000	0				610,000	610,000	0				3,610,000	3,610,000	0
Total other financing sources (uses).....	<u>3,284,768</u>	<u>3,160,010</u>	<u>(124,758)</u>	<u>(66,557)</u>	<u>(51,274)</u>	<u>15,283</u>	<u>610,000</u>	<u>610,000</u>	<u>0</u>				<u>3,828,211</u>	<u>3,718,736</u>	<u>(109,475)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(787,771)	(787,741)	30	(637,947)	(40,261)	597,686	(139,309)	(139,309)	0	(1,577,233)	(1,510,563)	66,670	(3,142,260)	(2,477,874)	664,386
Fund balances, July 1.....	697,676	697,676	0	655,933	655,933	0	395,899	395,899	0	519,353	519,353	0	2,268,861	2,268,861	0
Prior year encumbrances appropriated.....	855,030	855,030	0	240,174	240,174	0				1,672,396	1,672,396	0	2,767,600	2,767,600	0
Fund balances, June 30.....	<u>\$764,935</u>	<u>\$764,965</u>	<u>\$30</u>	<u>\$258,160</u>	<u>\$855,846</u>	<u>\$597,686</u>	<u>\$256,590</u>	<u>\$256,590</u>	<u>\$0</u>	<u>\$614,516</u>	<u>\$681,186</u>	<u>\$66,670</u>	<u>\$1,894,201</u>	<u>\$2,558,587</u>	<u>\$664,386</u>

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

CUYAHOGA FALLS CITY SCHOOL DISTRICT  
 SUMMIT COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE  
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees . . . . .	\$42,398	\$96,412		\$138,810
Sales/charges for services . . . . .	1,022,141	3,361,794		4,383,935
Investment earnings . . . . .			\$5,697	5,697
Other operating revenues . . . . .	2,254	4,310		6,564
<b>Total operating revenues . . . . .</b>	<b>1,066,793</b>	<b>3,462,516</b>	<b>5,697</b>	<b>4,535,006</b>
Operating expenses:				
Personal services . . . . .	742,871	28,648		771,519
Contract services . . . . .	21,340	442,359		463,699
Materials and supplies . . . . .	662,475	139,013		801,488
Depreciation . . . . .	25,811			25,811
Other . . . . .		501	2,500	3,001
Claims expense . . . . .		3,438,423		3,438,423
<b>Total operating expenses . . . . .</b>	<b>1,452,497</b>	<b>4,048,944</b>	<b>2,500</b>	<b>5,503,941</b>
Operating income (loss) . . . . .	(385,704)	(586,428)	3,197	(968,935)
Nonoperating revenues:				
Operating grants . . . . .	250,898			250,898
Federal commodities . . . . .	61,314			61,314
Interest revenue . . . . .	1,291	13,174		14,465
<b>Total nonoperating revenues . . . . .</b>	<b>313,503</b>	<b>13,174</b>		<b>326,677</b>
Net income (loss) . . . . .	(72,201)	(573,254)	3,197	(642,258)
Retained earnings/fund balance July 1 . . . . .	51,582	306,379	66,639	424,600
(Accumulated deficit)/fund balance June 30 . . . . .	(\$20,619)	(\$266,875)	\$69,836	(\$217,658)

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

CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY, OHIO  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from tuition and fees . . . . .	\$43,618	\$105,058		\$148,676
Cash received from sales/service charges . . . . .	1,023,264	3,343,330		4,366,594
Cash received from other operations. . . . .	2,254	4,310		6,564
Cash payments for personal services. . . . .	(712,584)	(24,127)		(736,711)
Cash payments for contract services . . . . .	(21,756)	(442,466)		(464,222)
Cash payments for materials and supplies . . . . .	(584,837)	(143,554)		(728,391)
Cash payments for claims expenses . . . . .		(3,474,083)		(3,474,083)
Cash payments for other expenses . . . . .		(501)	(\$2,500)	(3,001)
Net cash used in operating activities. . . . .	(250,041)	(632,033)	(2,500)	(884,574)
Cash flows from noncapital financing activities:				
Cash received from operating grants. . . . .	250,898			250,898
Cash received from interfund loans . . . . .	10,897			10,897
Cash payments used in repayment of interfund loans . . . . .		(51,567)		(51,567)
Net cash provided by (used in) noncapital financing activities. . . . .	261,795	(51,567)		210,228
Cash flows from capital and related financing activities:				
Acquisition of capital assets . . . . .	(20,910)			(20,910)
Cash flows from investing activities:				
Interest received . . . . .	1,291	13,174	5,697	20,162
Net increase (decrease) in cash and cash equivalents . . . . .	(7,865)	(670,426)	3,197	(675,094)
Cash and cash equivalents at beginning of year . . .	87,625	908,629	66,639	1,062,893
Cash and cash equivalents at end of year. . . . .	<u>\$79,760</u>	<u>\$238,203</u>	<u>\$69,836</u>	<u>\$387,799</u>
Reconciliation of operating income (loss) to net cash used in operating activities:				
Operating income (loss) . . . . .	(\$385,704)	(\$586,428)	\$3,197	(\$968,935)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation . . . . .	25,811			25,811
Federal donated commodities. . . . .	61,314			61,314
Interest reported as operating income . . . . .			(5,697)	(5,697)
Changes in assets and liabilities:				
Decrease in materials and supplies inventory . . .	21,848			21,848
Decrease in accounts receivable . . . . .	2,343	23,702		26,045
Decrease in accounts payable . . . . .	(2,500)	(4,648)		(7,148)
Increase in accrued wages & benefits . . . . .	13	4,609		4,622
Increase in compensated absences payable . . . .	6,792			6,792
Increase (decrease) in pension obligation payable .	23,482	(88)		23,394
Decrease in claims payable. . . . .		(35,660)		(35,660)
Decrease in deferred revenue. . . . .	(3,440)	(33,520)		(36,960)
Net cash used in operating activities . . . . .	<u>(\$250,041)</u>	<u>(\$632,033)</u>	<u>(\$2,500)</u>	<u>(\$884,574)</u>

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

The District ranks as the 63<sup>rd</sup> largest by enrollment among the 682 public and community school districts in the State, and the 3<sup>rd</sup> largest in Summit County. It currently operates 7 elementary schools, 3 middle schools, and 1 comprehensive high school. The District employs 211 non-certified and 405 certified full-time and part-time employees to provide services to approximately 5,463 students in grades K through 12 and various community groups.

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the 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, and student related activities. 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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

Potential Component Unit Reported as an Agency Fund:

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



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

*Insurance Purchasing Pool:*

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants 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 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 ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

*Jointly Governed Organizations:*

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

**B. Fund Accounting**

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

**GOVERNMENTAL FUNDS**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

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

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

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

**PROPRIETARY FUNDS**

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

**FIDUCIARY FUNDS**

*Trust and Agency Funds* - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental funds. Nonexpendable Trust funds are accounted for in essentially the same manner as Proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus.

**ACCOUNT GROUPS**

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**C. Measurement Focus/Basis of Accounting**

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

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

The modified accrual basis of accounting is followed for Governmental, Expendable Trust and Agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

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

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary funds receive no revenue from property taxes.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

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

4. Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the object level for all funds which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total object appropriations within a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds and objects within a fund completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001 in the following amounts:

	<u>Increase</u>
General Fund	\$ 661,161
Special Revenue Funds	3,639,395
Debt Service Fund	3,774,763
Capital Projects Funds	264,902
Enterprise Funds	66,368
Internal Service Funds	892,714
Expendable Trust Fund	100,217



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

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

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as equity in pooled cash and cash equivalents on the combined balance sheet.

During 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

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

By resolution of the Board of Education and/or other legal provision, all investment earnings are assigned to the General fund, Auxiliary Services fund, Permanent Improvement fund, Expendable Trust fund, Food Service fund, and Self-Insurance fund.

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

	<u>Interest Actually Received</u>	<u>Interest Based upon Share of Investments</u>	<u>Interest Assigned from Other Funds</u>
General Fund	\$320,006	\$132,069	\$187,937
<u>Special Revenue Fund</u>			
Auxiliary Services	11,840	10,929	911
Nonexpendable Trust Fund	5,697	5,299	398
<u>Agency Fund</u>			
Alumni	17,325	12,985	4,340

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account did not have a balance at June 30, 2001. The District has a segregated bank account for self-insurance monies held separate from the District's central bank account. This interest bearing depository account is presented on the combined balance sheet as "Cash in Segregated Accounts" since it is not required to be deposited into the District treasury.

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**F. Inventory**

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

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale.

**G. Prepayments**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

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

**H. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. 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, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. Depreciation has been provided, where appropriate (no depreciation expense is recognized in the year of acquisition, but a full year's depreciation expense is recognized in the year of disposition), on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Minor Equipment	12
Vehicles	12

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**I. Intergovernmental Revenues**

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

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief

Special Revenue Fund

Disadvantaged Pupil Impact Aid

Debt Service Fund

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

EHA Preschool Grants  
for the Handicapped  
Career Development  
Venture Capital  
Management Information Systems  
Teacher Development  
Title VI-B  
Adult Basic Education  
Title I  
Title VI  
Auxiliary Services

Non-Reimbursable Grants - (Continued)

Special Revenue Funds - (Continued)

Drug-Free School Grant  
Instructional Materials Subsidy  
Head Start Pre-School Grant  
Education for Economic Security Act  
Ohio Reads  
Excellence in Education  
Vocational Education

Capital Projects Fund

SchoolNet Plus

Reimbursable Grants

General Fund

Driver Education Replacement  
School Bus Purchase

Special Revenue Fund

Underground Storage Tank

Proprietary Funds

School Breakfast Program  
National School Lunch Program  
Adult Education

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

Grants and entitlements amounted to over 40% of the District's operating revenue during the 2001 fiscal year.

**J. Contributed Capital**

Contributed capital reported in the Enterprise funds represents resources from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital did not change during fiscal year 2001.

**K. Compensated Absences**

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

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

**L. Long-Term Obligations**

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, compensated absences and contractually required pension contributions 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, capital leases, and long-term loans 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.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**M. Fund Equity**

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

**N. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable". Such interfund loans are repaid in the following fiscal year.



**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

**O. Statutory Reserves**

The District is required by State law to set aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance 7/1/00	\$ 35,870	\$ 26,098	\$ 250,743
Required Set-Aside	779,470	779,470	
Qualifying Expenditures	(1,094,985)	(783,497)	
Change in statutory requirement	<u>                    </u>	<u>                    </u>	<u>(156,084)</u>
Balance 6/30/01	<u>(279,645)</u>	<u>22,071</u>	<u>94,659</u>
Balance to carry forward to FY2002	<u>\$ 0</u>	<u>\$ 22,071</u>	<u>\$ 94,659</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

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

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. The District is still required by state law to maintain the textbook reserve and the capital acquisition reserve.

The District expended more than the required amounts for the instructional materials, however, the District elected not to carry forward the allowable excess balance.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$94,659</u>
Total restricted assets	<u>\$94,659</u>

**P. Parochial Schools**

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

**Q. Statement of Cash Flows**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

**R. Financial Reporting for Proprietary and Similar Fund Types**

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

**S. Estimates**

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

**T. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established for creation of the Bureau of Worker's Compensation set-aside. See Note 2.O. for details.

**U. Memorandum Only - Total Columns**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. In accordance with this statement, certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions may have been reported in a manner inconsistent with prior fiscal years; however, the adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**B. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 2001 included the following individual fund deficits.

	Deficit Fund Balance/ Retained Earnings
General Fund	\$(1,592,567)
<u>Special Revenue Funds</u>	
Challenge Grant	(6,064)
Preschool for the Handicapped	(17,240)
Vocational Education	(22,533)
Drug Free School Grant	(13)
<u>Enterprise Fund</u>	
Food Service	(106,368)
<u>Internal Service Fund</u>	
Self-Insurance	(360,566)

These deficits, caused by the application of generally accepted accounting principles, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General Fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

*Cash in Segregated Accounts:* At year end, \$122,865 was on deposit in the District's self-insurance account, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as equity in pooled cash and cash equivalents.

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

*Deposits:* At year-end the carrying amount (including cash in segregated accounts) of the District's deposits was \$(198,041) and the bank balance was \$317,685 (both exclusive of payroll clearance accounts). A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. Of the bank balance:

1. \$106,502 was covered by federal deposit insurance; and
2. \$211,183 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

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

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

	Category of Risk 3	Fair Value
Repurchase Agreements	\$415,000	\$ 415,000
Not Subject to Categorization:		
Investment in State		
Treasurer's Investment Pool		<u>4,901,018</u>
Total Investments	<u>\$415,000</u>	<u>\$5,316,018</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

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

	Equity in Pooled Cash and Cash Equivalents/Cash in Segregated Accounts	Investments
GASB Statement No. 9	\$ 5,117,977	
Investments of the Cash		
Management Pool:		
Repurchase Agreements	(415,000)	\$ 415,000
State Treasurer's Investment Pool	<u>(4,901,018)</u>	<u>4,901,018</u>
GASB Statement No. 3	<u>\$ (198,041)</u>	<u>\$5,316,018</u>



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$124,758	
<u>Special Revenue Funds</u>		
District Managed Student Activity		\$ (4,685)
Vocational Education		(25,796)
Career Development		(9,980)
EHA Preschool Grants		(4,692)
Miscellaneous Federal Grants		<u>(21,357)</u>
Total Special Revenue Funds		(66,510)
<u>Enterprise Fund</u>		
Uniform School Supply		(10,897)
<u>Agency Funds</u>		
Alumni		(43,223)
Student Managed Activity		<u>(4,128)</u>
Total Agency Funds	<u>                    </u>	<u>(47,351)</u>
Total All Fund Types	<u>\$124,758</u>	<u>\$(124,758)</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 6 - PROPERTY TAXES**

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 88% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	First-Half Collections		Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$651,512,170	91.49	\$651,514,960	91.31
Public Utility Personal	15,258,960	2.14	16,697,390	2.34
Tangible Personal Property	45,314,624	6.37	45,314,624	6.35
	\$712,085,754	100.00	\$713,526,974	100.00

Tax rate per \$1,000 of  
assessed valuation:

Operations	\$56.43	\$56.43
Debt Service	1.20	1.20

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

(Continued)

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

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001 are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end. Available tax advances at June 30, 2001 totaled \$430,798 in the General fund and \$17,138 in the Debt Service fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees), interfund loans and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current & Delinquent	\$18,684,779
Interfund Loan	124,758

**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 7 - RECEIVABLES - (Continued)**

	<u>Amounts</u>
<u>Debt Service Fund</u>	
Taxes - Current & Delinquent	\$830,229
<u>Internal Service Fund</u>	
Charges for Services	32,854
<u>Agency Fund</u>	
MEO/SERRC - Due from Other Governments	382,651

**NOTE 8 - FIXED ASSETS**

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvements	\$ 1,337,462			\$ 1,337,462
Buildings	21,047,527	\$1,178,918		22,226,445
Furniture/Equipment	9,520,360	736,006	\$ (18,606)	10,237,760
Vehicles	1,466,239			1,466,239
Construction in Progress	<u>1,178,918</u>	<u>                    </u>	<u>(1,178,918)</u>	<u>0</u>
Total	<u>\$34,550,506</u>	<u>\$1,914,924</u>	<u>\$(1,197,524)</u>	<u>\$35,267,906</u>

A summary of the Proprietary funds' fixed assets at June 30, 2001 follows:

	<u>Proprietary</u>
Furniture and Equipment	\$ 682,563
Less: Accumulated Depreciation	<u>(467,860)</u>
Net Fixed Assets	<u>\$ 214,703</u>

**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the District has entered into capitalized leases for the acquisition of data processing and reproduction equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$854,515, and \$36,931 (less \$11,044 accumulated depreciation) in the Enterprise funds, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group and in the Enterprise funds, respectively. Amortization applicable to Enterprise assets acquired by capital lease is included with depreciation expense for financial statement presentation, and totaled \$2,209 for fiscal 2001.

In the General fund, capital lease payments are reflected as debt service expenditures in the Combined Financial Statements of Revenue, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund. Principal payments totaled \$68,852 in fiscal 2001. These expenditures are reflected as program/function expenditures on a budgetary basis.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2001.

<u>Fiscal Year Ending June 30</u>	<u>General Long-Term Obligations</u>
2002	\$106,109
2003	106,109
2004	105,267
2005	<u>34,969</u>
Total future minimum lease payments	352,454
Less: amount representing interest	<u>(59,728)</u>
Present value of future minimum lease payments	<u>\$292,726</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 10 - LONG-TERM DEBT**

A. General obligation bonds and Energy Conservation bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service fund. The source of payment is derived from a current .50 mill bonded debt tax levy for the 1977 construction bond issue, a current .70 mill bonded debt tax levy for the 1999 school improvements bond issue, and from current operating revenue for the Energy Conservation bonds.

The following is a description of the District's bonds outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	Bonds <u>Outstanding 07/01/2000</u>	Retired <u>in 2001</u>	Bonds <u>Outstanding 06/30/2001</u>
School Construction Bonds 1977	5.375%	03/01/77	12/01/00	\$ 230,000	\$(230,000)	\$ 0
School Improvement Bonds	4.250%	03/01/99	12/01/18	7,765,000	(280,000)	7,485,000
Energy Conservation Bonds	5.135%	09/01/94	06/01/04	<u>1,200,000</u>	<u>(300,000)</u>	<u>900,000</u>
Total Bonds				<u>\$9,195,000</u>	<u>\$(810,000)</u>	<u>\$8,385,000</u>

B. In 1993, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The outstanding balance of the loan is reported in the General Long-Term Obligations Account Group. Payments are recorded as expenditures of the General Fund, from current operating revenue. The following schedule describes the loan outstanding at June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	Outstanding <u>07/01/2000</u>	Retired <u>in 2001</u>	Outstanding <u>06/30/2001</u>
Asbestos Abatement	None	04/16/93	11/30/12	<u>\$329,547</u>	<u>\$(26,364)</u>	<u>\$303,183</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 10 - LONG-TERM DEBT - (Continued)**

C. Principal and interest requirements to retire general obligation bonds, energy conservation bonds, and the asbestos loan, outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds	Energy Conservation Bonds	Asbestos Loan	Total
2002	\$ 619,778	\$346,950	\$ 26,364	\$ 993,092
2003	619,447	331,350	26,364	977,161
2004	618,313	315,750	26,364	960,427
2005	616,497		26,364	642,861
2006	614,065		26,364	640,429
2007 - 2011	3,079,963		131,820	3,211,783
2012 - 2016	3,053,699		39,543	3,093,242
2017 - 2018	<u>1,824,770</u>	_____	_____	<u>1,824,770</u>
Total	11,046,532	994,050	303,183	12,343,765
Less: Interest	<u>(3,561,532)</u>	<u>(94,050)</u>	_____	<u>(3,655,582)</u>
Total	<u>\$ 7,485,000</u>	<u>\$900,000</u>	<u>\$303,183</u>	<u>\$ 8,688,183</u>

D. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

	Balance July 1, 2000	Increase	Decrease	Balance June 30, 2001
Compensated Absences	\$ 1,546,725	\$105,920	\$ (569,224)	\$ 1,083,421
Pension Obligation Payable	275,354	282,361	(275,354)	282,361
General Obligation Bonds	7,995,000		(510,000)	7,485,000
Energy Conservation Bonds	1,200,000		(300,000)	900,000
Asbestos Loan	329,547		(26,364)	303,183
Capital Leases	<u>361,578</u>	_____	<u>(68,852)</u>	<u>292,726</u>
Total General Long-Term Obligations	<u>\$11,708,204</u>	<u>\$388,281</u>	<u>\$(1,749,794)</u>	<u>\$10,346,691</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 10 - LONG-TERM DEBT - (Continued)**

E. Legal Debt Margin

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

The effects of these debt limitations at June 30, 2001, are a voted debt margin of \$57,006,971 (including available funds of \$274,543), an unvoted debt margin of \$713,527, and an unvoted energy conservation debt margin of \$5,521,743.

**NOTE 11 - NOTES PAYABLE**

A. During fiscal 2001, the District retired and subsequently reissued a bond anticipation note. Debt service activity for this note has been reported in the Permanent Improvements fund, which received the proceeds upon issuance.

The following is a description of the District's activity for bond anticipation notes during the year:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Outstanding 07/01/2000</u>	<u>Issued in 2001</u>	<u>Retired in 2001</u>	<u>Notes Outstanding 06/30/2001</u>
School Improvements Note	4.56%	4/25/00	4/24/01	\$710,000		\$(710,000)	\$ 0
School Improvements Note	3.78%	04/24/01	04/23/02	_____	<u>\$610,000</u>	_____	<u>610,000</u>
<b>Total</b>				<u>\$710,000</u>	<u>\$610,000</u>	<u>\$(710,000)</u>	<u>\$610,000</u>



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 11 - NOTES PAYABLE - (Continued)**

B. During fiscal 2001, the District issued a \$3,000,000 tax anticipation note. This note was issued in anticipation of a tax advance from the County and was repaid during the fiscal year. Debt service activity for this note has been reported in the General Fund, which received the proceeds upon issuance.

The following is a description of the District's tax anticipation note activity during the fiscal year:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Outstanding 07/01/2000</u>	<u>Issued in 2001</u>	<u>Retired in 2001</u>	<u>Notes Outstanding 06/30/2001</u>
Tax							
Anticipation Note	4.11%	03/07/01	06/04/01	\$ _____	\$3,000,000	\$(3,000,000)	\$ 0
Total				\$ _____	\$3,000,000	\$(3,000,000)	\$ 0

**NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the District contracted with Commercial Union Insurance Company for property and general liability insurance. Commercial Union Insurance Company also covers boiler and machinery with a \$1,000,000 single occurrence limit and a \$1,000 deductible.

Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 annual aggregate/\$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance Company and hold a \$100 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past seventeen years. There has been no significant reduction in the amount of insurance coverage from fiscal 2000.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

(Continued)

**NOTE 12 - RISK MANAGEMENT - (Continued)**

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants 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 of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The District has elected to provide employee medical/surgical benefits through a self insurance program. The District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan with a \$300 family and \$150 single deductible. A third party administrator, Benefit Services, Incorporated, located in Copley, Ohio, reviews all claims which are then paid by the District. The District purchases stop-loss coverage of \$75,000 per employee per year, and \$2.183 million group aggregate for fiscal 2001. The District pays into the self-insurance internal service fund \$307 family coverage or \$113 individual coverage per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information. Dental coverage is also provided on a self-insured basis through Benefit Services, Incorporated. Premiums for this coverage are \$61 monthly for family coverage and \$22 for single coverage. The District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The claims liability of \$516,285 reported in the fund at June 30, 2001, is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the District's third party administrator. Changes in the fund's claims liability for the current and past five fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$551,945	\$3,438,423	\$(3,474,083)	\$516,285
2000	417,647	2,995,766	(2,861,468)	551,945
1999	487,897	2,548,546	(2,618,796)	417,647
1998	241,001	2,809,505	(2,562,609)	487,897
1997	195,728	2,371,771	(2,326,498)	241,001
1996	483,000	1,842,023	(2,129,295)	195,728

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15 . As such, no provisions are required by the District.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains five Enterprise Funds to account for the operations of food service, adult education programs, uniform school supplies, consumer service, and outdoor education programs. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Adult Education</u>	<u>Uniform School Supplies</u>	<u>Consumer Service</u>	<u>Outdoor Education Program</u>	<u>Total</u>
Operating Revenue	\$1,012,438	\$ 7,876	\$ 34,522	\$9,703	\$ 2,254	\$1,066,793
Depreciation Expense	20,641	2,814	2,118	238		25,811
Operating Income (Loss)	(371,689)	(6,723)	(11,762)	2,216	2,254	(385,704)
Non-operating Revenue:						
Donated Federal Commodities	61,314					61,314
Operating Grants	246,047	4,851				250,898
Net Income (Loss)	(63,037)	(1,872)	(11,762)	2,216	2,254	(72,201)
Fixed Assets:						
Additions	20,910					20,910
Net Working Capital	(37,890)	1,998	33,047	5,017	10,479	12,651
Total Assets	245,541	16,535	62,964	7,982	10,479	343,501
Long-Term Liabilities						
Payable from Fund Revenues	39,314					39,314
Contributed Capital	208,659					208,659
Total Equity	102,291	15,432	52,059	7,779	10,479	188,040
Encumbrances Outstanding as of 6/30/01	3,319		13,618	610		17,547

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

(Continued)

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$658,658, \$762,126, \$742,931, respectively; 51% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$319,518, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**B. State Teachers Retirement System**

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$2,497,296, \$2,418,961, and \$2,398,776, respectively; 82% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$454,086, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2001, members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$942,856 during the 2001 fiscal year.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$537,221 during the 2001 fiscal year. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available) were \$140.7 million and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the Debt Service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt Service fund resources used to pay both principal and interest have been reclassified accordingly.



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

	Governmental Fund Types			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
Budget Basis	\$ (787,741)	\$(40,261)	\$ (139,309)	\$(1,510,563)
Net Adjustment for Revenue Accruals	3,042,556	(99,354)	(3,161,829)	132,285
Net Adjustment for Expenditure Accruals	(383,510)	(81,788)	3,772,199	40,045
Net Adjustment for Other Financing Sources/(Uses)	(3,160,010)	51,274	(610,000)	
Net Adjustment for Fund Reclassification	3	4,927		
Adjustment for Encumbrances	<u>1,049,923</u>	<u>484,398</u>	<u>                    </u>	<u>73,990</u>
GAAP Basis	<u>\$ (238,779)</u>	<u>\$319,196</u>	<u>\$ (138,939)</u>	<u>\$(1,264,243)</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**C. School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

(Continued)

**NOTE 17 - CONTINGENCIES - (Continued)**

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 6, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**NOTE 18 - CONTRACTUAL COMMITMENTS**

At June 30, 2001, the District had the following contractual commitments:

<u>Vendor</u>	<u>Outstanding Contract Amount</u>
Rayhaven Equipment Co.	\$ 51,978
City Window & Construction Co.	114,596
Lighting Services Inc.	83,168

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**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>(Passed Through Ohio Department of Education)</i>						
<u>Special Education Cluster:</u>						
Special Education - Grants to States	43836-6B-S1-00P	84.027	\$199,803	\$0	\$354,980	\$0
	43836-6B-S1-01P		833,421	0	631,505	0
	43836-6B-SF-00P		14,394	0	50,003	0
	43836-6B-SF-01P		460,616	0	346,248	0
Total Special Education - Grants to States			1,508,234	0	1,382,736	0
Special Education - Preschool Grants	43836-PG-S1-00P	84.173	0	0	766	0
	43836-PG-S1-01P		23,893	0	27,690	0
	43836-PG-S3-00P		28,400	0	28,437	0
	43836-PG-S3-01P		44,730	0	35,929	0
	43836-PG-S7-00		0	0	(10)	0
	43836-PG-S7-99		0	0	1,550	0
	43836-PG-S7-01		11,250	0	5,980	0
Total Special Education - Preschool Grants			108,273	0	100,342	0
Total Special Education Cluster			1,616,507	0	1,483,078	0
Adult Education - State Grant Program	AB-SI-00	84.002	902	0	1,456	
Title I Grants to Local Educational Agencies	43836-C1-S1-99	84.010	0	0	311	0
	43836-C1-S1-00		32,818	0	55,752	0
	43836-C1-S1-01		470,114	0	425,748	0
Total Title I Grants to Local Educational Agencies			502,932	0	481,811	0
Safe and Drug-Free Schools and Communities - State Grants	43836-DR-S1-00	84.186	0	0	12,484	0
	43836-DR-S1-01		24,504	0	24,470	0
	43836-DR-S1-99		1,929	0	2,008	0
Total Safe and Drug-Free Schools and Communities - State Grants			26,433	0	38,962	0
Eisenhower Professional Development State Grants	43836-MS-S1-2000	84.281	75,800	0	35,258	0
	43836-MS-S1-2001		20,100	0	15,718	0
	43836-MS-S1-2000P		0	0	1,458	0
Total Eisenhower Professional Development State Grants			95,900	0	52,434	0
Innovative Education Program Strategies	43836-C2-S1-00	84.298	0	0	4,156	0
	43836-C2-S1-99		0	0	11,052	0
	43836-C2-S1-01		26,562	0	0	0
Total Innovative Education Program Strategies			26,562	0	15,208	0
Classroom Reduction Grant	43836-CR-S1-01	84.340	85,900	0	82,481	0
Continuous Improvement Grant	43836-CR-S1-01	84.276	25,000	0	0	0
School To Work	43836-WK-BE-01	17.249	59,771	0	56,405	0
<i>(Passed Through Summit County Educational Service Center)</i>						
Technology Innovation Challenge Grants	N/A	84.303	18,159	0	18,159	0
			5,554	0	21,391	0
Total Technology Innovation Challenge Grants			23,713	0	39,550	0
Total U.S. Department of Education			2,463,620	0	2,251,385	0
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>(Passed Through Ohio Department of Education)</i>						
<u>Child Nutrition Cluster:</u>						
Food Distribution Program	N/A	10.550	0	57,873	0	61,314
National School Lunch Program	N/A	10.555	233,995	0	233,995	0
Total U.S. Department of Agriculture/Child Nutrition Cluster			233,995	57,873	233,995	61,314
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities)</i>						
Medical Assistance Program	N/A	93.778	49,947	0	49,947	0
<b>Total Federal Assistance</b>			<b>\$2,747,562</b>	<b>\$57,873</b>	<b>\$2,535,327</b>	<b>\$61,314</b>

See Accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards.

**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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OFFICE OF THE AUDITOR

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

Cuyahoga Falls City School District  
Summit County  
431 Stow Avenue  
Cuyahoga Falls, Ohio 44222

To the Board of Education:

We have audited the general purpose financial statements of Cuyahoga Falls City School District, Summit County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-10977-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also 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, 2001.

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

**Jim Petro**  
Auditor of State

December 28, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Cuyahoga Falls City School District  
Summit County  
431 Stow Avenue  
Cuyahoga Falls, Ohio 44222

To the Board of Education:

**Compliance**

We have audited the compliance of Cuyahoga Falls City School District, Summit County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2001-10977-002.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 28, 2001

**CUYAHOGA FALLS CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2001-10977-001**

**Reportable Condition**

**Student Activities - Fund Raisers**

Although Sales Project Potential Forms were initially submitted and approved, the reconciliation portion of the forms were not consistently completed at the conclusion of the fundraiser. The Sales Project Potential Form is designed to account for income (actual and projected) from student activity projects. The purpose is to provide information to project sponsors and administrators and help them determine whether projects are functioning in accordance with adopted board policies. Sales Project Potential Forms need to be properly completed to accomplish their intended purpose, thereby helping to determine whether projects have been properly approved and whether sales monies have been properly accounted for. A Sales Project Potential Form was not completed for the following activities tested:

<u>Organization/Club</u>	<u>Activity</u>
Vocal Music	Candy Sales, Video Sales, Pops Concert
Boys Basketball Skills/Camp	Summer Camp, Youth Hoops, PLAY Hoops
M & M's Singing Group	All Fundraisers
Baseball Club	Reverse Raffle, Camp, 3-Digit Lottery
DECA Program	Pizza Cards, Entertainment Books
Class of 2002	Prom Ticket Sales

Additionally, we noted that insufficient records were maintained by the Advisor for the Distributing Education Clubs of America (DECA) Program fundraisers. An inventory record was not maintained documenting the amount of inventory on hand nor the amount of inventory sold and distributed for which monies weren't collected. Issues were also noted in relation to the supporting records of the fundraisers. Monies submitted by the DECA advisor were not separated by activity, and the source documentation was not always maintained. Source documentation provides important information to support the recorded transactions and can aid in identifying and correcting errors.

Sales Project Potential Forms should be submitted for proper approval prior to commencing any project activity; forms should be properly completed; and advisors need to maintain appropriate source documentation. All fund raising activity records should be submitted to the appropriate level of management at the end of fund raising activity, and a fund raiser reconciliation should be prepared at the end of project activity. The reconciliation should provide documentation of total project receipts and disbursements, as well as any unusual circumstances occurring during the sale, such as loss of merchandise or disposition of unsold merchandise. Adequate control over student activity projects will help ensure that revenue is properly recorded, and that errors are detected timely.

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

**Non Compliance Findings**

<b>Finding Number</b>	2001-10977-001
<b>CFDA Title and Number</b>	Special Education Cluster: Special Education Grants to States CFDA #84.027 & Special Education Preschool Grants CFDA 84.173
<b>Federal Award Number / Year</b>	43836-6B-S1-01P
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

Assurance No. 2 of the Mid-Eastern Ohio Special Education Regional Resource Center (MEO/SERRC) Special Education Cluster: Special Education Grants to States CFDA #84.027 requires that the Final Expenditure Report be submitted to the Ohio Department of Education no later than 60 days following the project ending date. Failure to submit the report in a timely manner may result in a temporary suspension of the flow of federal funds for this grant until the project is closed.

The District serves as fiscal agent for the MEO/SERRC. The District filed the Final Expenditure Report for the MEO/SERRC's Special Education Cluster: Special Education Grants to States CFDA #84.027 federal program which was due November 30, 2001, on January 25, 2002. The District filed the Report late due to unresolved budget issues within the federal program which were not resolved until the end of December 2001. This condition could result in the temporary suspension of federal funding in the future.

The District should submit the Final Expenditure Report within the 60 day deadline to ensure compliance with the grant requirements.





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**CUYAHOGA FALLS CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 21, 2002**