



**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Circleville City School District
Pickaway County
388 Clark Drive
Circleville, Ohio 43113

To the Board of Education

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Circleville City School District, Pickaway County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

October 16, 2000

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

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals 2000
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum) (Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 1,093,283	322,192	2,264,408	377	49	242,646	167,292	0	0	\$ 4,090,247
Restricted Assets	159,857	0	0	0	0	0	0	0	0	159,857
Cash with Fiscal Agent	0	0	0	0	0	2,257	0	0	0	2,257
Taxes Receivables	7,510,542	0	374,557	0	0	0	0	0	0	7,885,099
Interfund Receivables	213,785	0	0	0	0	0	0	0	0	213,785
Due From Other Funds	0	0	126,632	0	0	0	6,848	0	0	133,480
Intergovernmental Receivables	13,488	0	0	0	27,752	0	0	0	0	41,240
Accounts Receivable	21,541	568	0	0	0	0	1,358	0	0	23,467
Inventory	3,676	0	0	0	965	0	0	0	0	4,641
Inventory for Resale	0	0	0	0	6,844	0	0	0	0	6,844
Prepaid Claims	0	0	0	0	0	22,683	0	0	0	22,683
Net Property, Plant, and Equipment	0	0	0	0	112,858	0	0	12,595,372	0	12,708,230
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	2,521,622	2,521,622
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	1,650,560	1,650,560
Total Assets and Other Debits	\$ 9,016,172	322,760	2,765,597	377	148,468	267,586	175,498	12,595,372	4,172,182	\$ 29,464,012

(Continued)

Circleville City School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2000

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals 2000
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandu Only)
Liabilities:										
Interfund Payables	\$ 0	143,264	0	0	70,521	0	0	0	0	\$ 213,785
Due to Other Funds	132,899	416	0	0	165	0	0	0	0	133,480
Intergovernmental Payables	233,102	463	0	0	21,441	0	80,790	0	93,358	429,154
Claims Payable	0	0	0	0	0	243,915	0	0	0	243,915
Accounts Payable	58,073	17,751	0	0	245	156	4,746	0	0	80,971
Accrued Salaries and Benefits	1,243,203	83,279	0	0	35,504	0	0	0	0	1,361,986
Deferred Revenue	6,282,037	0	243,975	0	4,000	0	0	0	0	6,530,012
Capital Leases Payable	0	0	0	0	0	0	0	0	20,476	20,476
Due to Others	0	0	0	0	0	0	84,086	0	0	84,086
General Obligation Notes Payable	0	0	0	0	0	0	0	0	620,000	620,000
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	2,225,000	2,225,000
School Bus Bonds	0	0	0	0	0	0	0	0	55,000	55,000
Compensated Absence Payable	57,911	1,431	0	0	21,448	0	0	0	1,158,348	1,239,138
Total Liabilities	8,007,225	246,604	243,975	0	153,324	244,071	169,622	0	4,172,182	13,237,003
Fund Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	0	12,595,372	0	12,595,372
Retained Earnings	0	0	0	0	(4,856)	23,515	0	0	0	18,659
Fund Balances:										
Reserved for Supply Inventory	3,676	0	0	0	0	0	0	0	0	3,676
Reserved for Encumbrances	98,733	26,373	0	0	0	0	0	0	0	125,106
Reserved for Debt	0	0	0	0	0	0	0	0	0	0
Reserved for Budget Stabilization	103,559	0	0	0	0	0	0	0	0	103,559
Reserved for Textbooks	56,298	0	0	0	0	0	0	0	0	56,298
Reserved for Future Appropriation	1,227,968	0	130,582	0	0	0	0	0	0	1,358,550
Unreserved Fund Balance	(481,287)	49,783	2,391,040	377	0	0	5,876	0	0	1,965,789
Total Fund Balances	1,008,947	76,156	2,521,622	377	0	0	5,876	0	0	3,612,978
Total Fund Balances/Retained Earnings and Other Credits	1,008,947	76,156	2,521,622	377	(4,856)	23,515	5,876	12,595,372	0	16,227,009
Total Liabilities, Fund Equity, and Other Credits	\$ 9,016,172	322,760	2,765,597	377	148,468	267,586	175,498	12,595,372	4,172,182	\$ 29,464,012

See Accompanying Notes to the General Purpose Financial Statements.

Circleville City School District
Combined Statement of Revenue, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Similar Fiduciary Fund Type
Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	(Memorandum) (Only)
REVENUES:						
Revenue from Local Sources						
Taxes	\$ 8,080,504	0	741,848	0	0	\$ 8,822,352
Tuition	765	0	0	0	0	765
Earnings on Investments	252,567	762	0	0	155	253,484
Extracurricular Activities	0	144,498	0	0	0	144,498
Classroom Materials & Fees	53,214	0	0	0	0	53,214
Miscellaneous	30,750	8,361	0	0	2,357	41,468
Revenue for/on Behalf of District	0	0	0	3,937	0	3,937
Revenue from State Sources						
Unrestricted Grants-in-Aid	6,067,690	0	66,716	0	0	6,134,406
Restricted Grants-in-Aid	66,682	280,318	0	0	0	347,000
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	49,723	0	0	0	0	49,723
Restricted Grants-in-Aid	0	588,683	0	0	0	588,683
Total Revenue	14,601,895	1,022,622	808,564	3,937	2,512	16,439,530
EXPENDITURES:						
Instruction						
Regular Instruction	6,969,993	248,569	0	10,540	0	7,229,102
Special Instruction	1,274,407	449,324	0	0	0	1,723,731
Vocational Instruction	0	10,000	0	0	0	10,000
Supporting Services						
Supporting Services-Pupils	678,037	23,173	0	0	289	701,499
Supporting Services-Instructional Staff	681,567	186,860	0	0	0	868,427
Supporting Services-Board of Education	26,912	0	0	0	0	26,912
Supporting Services-Administration	1,280,157	157,093	0	0	0	1,437,250
Fiscal Services	358,118	715	12,791	0	0	371,624
Support Services-Business	3,678	0	0	0	0	3,678
Operation & Maintenance-Plant	1,126,146	179	0	0	0	1,126,325
Supporting Services-Pupil Transportation	405,272	0	0	0	0	405,272
Supporting Services-Central	0	5,398	0	0	0	5,398
Operation of Non-Instructional Services						
Food Service Operation	0	2,636	0	0	2,646	5,282
Community Services	532	384	0	0	0	916
Extracurricular Activities						
Academic & Subject Oriented	25,883	2,991	0	0	0	28,874
Occupation Oriented Activities	2,927	0	0	0	0	2,927
Sports Oriented	157,286	87,192	0	0	0	244,478
Co-Curricular Activities	22,216	0	0	0	0	22,216
Debt Service						
Repayment of Debt	0	0	646,033	0	0	646,033
Total Expenditures	13,013,131	1,174,514	658,824	10,540	2,935	14,859,944
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,588,764	(151,892)	149,740	(6,603)	(423)	1,579,586
Other Financing Sources and Uses:						
Other Financing Sources						
Transfers-In	0	0	194,440	0	0	194,440
Refund of Prior Years Receipts	0	(227)	0	0	0	(227)
Other Financing Uses						
Transfer-Out	(205,940)	0	0	0	0	(205,940)
Net Other Financing Sources and Uses	(205,940)	(227)	194,440	0	0	(11,727)
Excess (Deficiency) of Revenue Receipts and Other Sources Over (Under) Expenditure Disbursement and Other Uses	1,382,824	(152,119)	344,180	(6,603)	(423)	1,567,859
Decrease Inventory	(7,120)	0	0	0	0	(7,120)
Beginning Fund Balance	(366,757)	228,275	2,177,442	6,980	6,299	2,052,239
Ending Fund Balance	\$ 1,008,947	76,156	2,521,622	377	5,876	\$ 3,612,978

See Accompanying Notes to the General Purpose Financial Statements.

Circleville City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Type
Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
Revenues:						
Taxes	\$ 7,304,101	7,230,493	(73,608)	0	0	\$ 0
Tuition	1,630	765	(865)	0	0	0
Earnings on Investment	220,273	250,499	30,226	654	741	87
Extracurricular Activities	0	0	0	139,170	144,002	4,832
Classroom Materials & Fees	47,196	53,214	6,018	0	0	0
Miscellaneous	28,695	30,750	2,055	8,361	8,361	0
State Unrestricted Grants-in-Aid	5,960,375	6,067,690	107,315	0	0	0
State Restricted Grants-in-Aid	0	65,082	65,082	271,453	280,318	8,865
Revenue for/on Behalf of District	7,087	0	(7,087)	0	0	0
Federal Unrestricted Grants-in-Aid	38,359	44,517	6,158	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	791,242	640,901	(150,341)
Total Revenue	13,607,716	13,743,010	135,294	1,210,880	1,074,323	(136,557)
Expenditures:						
Regular Instruction	7,224,654	7,051,466	173,188	304,433	271,044	33,389
Special Instruction	1,251,942	1,251,864	78	564,795	451,401	113,394
Vocational Instruction	0	0	0	10,000	10,000	0
Support Services-Pupils	691,708	681,729	9,979	38,977	29,815	9,162
Support Services-Instructional Staff	674,154	665,787	8,367	237,093	184,297	52,796
Support Services-Board of Education	41,191	40,272	919	0	0	0
Support Services-Administration	1,328,281	1,319,470	8,811	179,270	157,902	21,368
Fiscal Services	371,011	357,397	13,614	715	715	0
Support Services-Business	7,832	5,865	1,967	0	0	0
Operation & Maintenance-Plant	1,221,729	1,183,355	38,374	179	179	0
Support Services-Transportation	468,445	446,966	21,479	0	0	0
Support Services-Central	0	0	0	5,561	5,398	163
Food Services Operations	0	0	0	4,118	2,986	1,132
Community Services	500	532	(32)	384	384	0
Academic & Subject Oriented	25,362	25,407	(45)	7,327	2,991	4,336
Occupation Oriented Activities	2,918	2,875	43	0	0	0
Sports Oriented	155,133	155,015	118	103,441	95,469	7,972
Co-Curricular Activities	27,236	21,819	5,417	0	0	0
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	13,492,096	13,209,819	282,277	1,456,293	1,212,581	243,712
Excess of Revenue Over (Under) Expenditures	115,620	533,191	417,571	(245,413)	(138,258)	107,155
Other Financing Sources (Uses):						
Transfer-In	17,740	106,322	88,582	44,168	44,168	0
Advances-In	0	149,418	149,418	143,263	143,263	0
Refund of Prior Years Expense	4,744	0	(4,744)	0	0	0
Transfer-Out	(312,262)	(312,262)	0	(44,168)	(44,168)	0
Advances-Out	(214,442)	(213,785)	657	(77,284)	(81,463)	(4,179)
Refund of Prior Years Receipt	0	0	0	(8)	(8)	0
Total Other Sources (Uses)	(504,220)	(270,307)	233,913	65,971	61,792	(4,179)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
Beginning Fund (Deficit) Balance	595,468	595,468	--	336,747	336,747	--
Prior Year Carry Over Encumbrances	239,793	239,793	--	31,304	31,304	--
Ending Fund (Deficit) Balance	\$ 446,661	1,098,145	651,484	188,609	291,585	\$ 102,976

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

Circleville City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Type - Continued
Year Ended June 30, 2000

	Debt Service Fund			Capital Project Funds		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
Revenues:						
Taxes	\$ 653,334	653,346	12	0	0	\$ 0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	66,410	66,716	306	0	0	0
State Restricted Grants-in-Aid	0	0	0	3,937	3,937	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	719,744	720,062	318	3,937	3,937	0
Expenditures:						
Regular Instruction	0	0	0	13,458	13,080	378
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	10,923	12,790	(1,867)	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Food Services Operations	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Repayment of Debt	707,225	646,033	61,192	0	0	0
Total Expenditures	718,148	658,823	59,325	13,458	13,080	378
Excess of Revenue Over (Under) Expenditures	1,596	61,239	59,643	(9,521)	(9,143)	378
Other Financing Sources (Uses):						
Transfer-In	187,004	194,440	7,436	0	0	0
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expense	0	0	0	0	0	0
Transfer-Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Refund of Prior Years Receipt	0	0	0	0	0	0
Total Other Sources (Uses)	187,004	194,440	7,436	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	188,600	255,679	67,079	(9,521)	(9,143)	378
Beginning Fund (Deficit) Balance	2,008,730	2,008,730	--	6,981	6,981	--
Prior Year Carry Over Encumbrances	0	0	--	2,540	2,540	--
Ending Fund (Deficit) Balance	\$ 2,197,330	2,264,409	67,079	0	378	\$ 378

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

Circleville City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund Type - Continued
Year Ended June 30, 2000

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	7,957,435	7,883,839	\$ (73,596)
Tuition	0	0	0	1,630	765	(865)
Earnings on Investment	137	152	15	221,064	251,392	30,328
Extracurricular Activities	0	0	0	139,170	144,002	4,832
Classroom Materials & Fees	0	0	0	47,196	53,214	6,018
Miscellaneous	1,640	2,357	717	38,696	41,468	2,772
State Unrestricted Grants-in-Aid	0	0	0	6,026,785	6,134,406	107,621
State Restricted Grants-in-Aid	0	0	0	275,390	349,337	73,947
Revenue for/on Behalf of District	0	0	0	7,087	0	(7,087)
Federal Unrestricted Grants-in-Aid	0	0	0	38,359	44,517	6,158
Federal Restricted Grants-in-Aid	0	0	0	791,242	640,901	(150,341)
Total Revenue	1,777	2,509	732	15,544,054	15,543,841	(213)
Expenditures:						
Regular Instruction	0	0	0	7,542,545	7,335,590	206,955
Special Instruction	0	0	0	1,816,737	1,703,265	113,472
Vocational Instruction	0	0	0	10,000	10,000	0
Support Services-Pupils	500	289	211	731,185	711,833	19,352
Support Services-Instructional Staff	0	0	0	911,247	850,084	61,163
Support Services-Board of Education	0	0	0	41,191	40,272	919
Support Services-Administration	0	0	0	1,507,551	1,477,372	30,179
Fiscal Services	0	0	0	382,649	370,902	11,747
Support Services-Business	0	0	0	7,832	5,865	1,967
Operation & Maintenance-Plant	0	0	0	1,221,908	1,183,534	38,374
Support Services-Transportation	0	0	0	468,445	446,966	21,479
Support Services-Central	0	0	0	5,561	5,398	163
Food Services Operation	4,829	2,638	2,191	8,947	5,624	3,323
Community Services	0	0	0	884	916	(32)
Academic & Subject Oriented	0	0	0	32,689	28,398	4,291
Occupation Oriented Activities	0	0	0	2,918	2,875	43
Sports Oriented	0	0	0	258,574	250,484	8,090
Co-Curricular Activities	0	0	0	27,236	21,819	5,417
Repayment of Debt	0	0	0	707,225	646,033	61,192
Total Expenditures	5,329	2,927	2,402	15,685,324	15,097,230	588,094
Excess of Revenue Over (Under) Expenditures	(3,552)	(418)	3,134	(141,270)	446,611	(588,307)
Other Financing Sources (Uses):						
Transfer-In	0	0	0	248,912	344,930	96,018
Advances-In	0	0	0	143,263	292,681	149,418
Refund of Prior Years Expense	0	0	0	4,744	0	(4,744)
Transfer-Out	0	0	0	(356,430)	(356,430)	0
Advances-Out	0	0	0	(291,726)	(295,248)	(3,522)
Refund of Prior Years Receipt	0	0	0	(8)	(8)	0
Total Other Sources (Uses)	0	0	0	(251,245)	(14,075)	237,170
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,552)	(418)	3,134	(392,515)	432,536	(351,137)
Beginning Fund (Deficit) Balance	6,288	6,288	--	2,954,214	2,954,214	--
Prior Year Carry Over Encumbrances	0	0	--	273,637	273,637	--
Ending Fund (Deficit) Balance	\$ 2,736	5,870	3,134	2,835,336	3,660,387	\$ (351,137)

See Accompanying Notes to the General Purpose Financial Statements.

Circleville City School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2000

	Enterprise Funds	Internal Service Funds	Totals (Memorandum) (Only)
Operating Revenues:			
Food Service	\$ 410,450	0	\$ 410,450
Insurance Revenue	0	217,063	217,063
Total Operating Revenue	<u>410,450</u>	<u>217,063</u>	<u>627,513</u>
Operating Expenses:			
Personal Services - Salary	230,172	0	230,172
Employee Benefits	77,743	0	77,743
Purchased Services	8,301	248,995	257,296
Supplies and Materials	318,490	0	318,490
Depreciation	2,877	0	2,877
Total Operating Expense	<u>637,583</u>	<u>248,995</u>	<u>886,578</u>
Operating Loss	(227,133)	(31,932)	(259,065)
Non-Operating Revenues:			
State Unrestricted Grants-In-Aid	10,499	0	10,499
Federal Unrestricted Grants-In-Aid	191,740	0	191,740
Federal Commodities	35,507	0	35,507
Total Non-Operating Revenue	<u>237,746</u>	<u>0</u>	<u>237,746</u>
Non-Operating Expenses:			
Loss on Disposal of Assets	3,076	0	3,076
Net Loss Before Operating Transfers	7,537	(31,932)	(24,395)
Operating Transfers:			
Transfers In	11,500	0	11,500
Net Loss	19,037	(31,932)	(12,895)
Beginning Retained Earnings	(23,893)	55,447	31,554
Retained Earnings at End of Year	<u>\$ (4,856)</u>	<u>23,515</u>	<u>\$ 18,659</u>

See Accompanying Notes to the General Purpose Financial Statements.

**Circleville City School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 Year Ended June 30, 2000**

	Enterprise Funds	Internal Service Funds	Totals (Memorandum) (Only)
Cash Flows from Operating Activities			
Operating Loss	\$ (227,134)	(31,932)	\$ (259,066)
Adjustment to Reconcile Operating Income To Net Cash used in Operating Activities:			
Depreciation	2,877	0	2,877
Net (Increases) Decreases in Assets:			
Intergovernmental Receivables	(1,790)	0	(1,790)
Accounts Receivable	0	0	0
Inventory	1,380	0	1,380
Prepaid Claims	0	(22,683)	(22,683)
Net Increases (Decreases) in Liabilities:			
Due to Other Funds	(14)	0	(14)
Intergovernmental Payable	(7,236)	0	(7,236)
Claims Payable	0	118,801	118,801
Accounts Payable	(212)	156	(56)
Accrued Salaries and Benefits	(4,731)	0	(4,731)
Deferred Revenue	(662)	0	(662)
Interfund Payable	2,565	0	2,565
Compensated Absences	(2,726)	0	(2,726)
Net Adjustments	<u>(10,549)</u>	<u>96,274</u>	<u>85,725</u>
Net Cash Used in Operating Activities	(237,683)	64,342	(173,341)
Cash Flows from Noncapital Financing Activities:			
Grants from State Sources	10,499	0	10,499
Grants from Federal Sources	191,740	0	191,740
Federal Commodities	35,507	0	35,507
Transfers In	11,500	0	11,500
Net Cash Provided by Noncapital Financing Activities	<u>249,246</u>	<u>0</u>	<u>249,246</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Capital Assets	(11,514)	0	(11,514)
Net Cash Used for Capital Financing Activities	<u>(11,514)</u>	<u>0</u>	<u>(11,514)</u>
Net Increase in Cash & Cash Equivalents	49	64,342	64,391
Cash and Cash Equivalents at Beginning of Year	<u>0</u>	<u>180,561</u>	<u>180,561</u>
Cash and Cash Equivalents at End of Year	<u>\$ 49</u>	<u>244,903</u>	<u>\$ 244,952</u>

See Accompanying Notes to General Purpose Financial Statements.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city District as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999, was 2,438. The District employed 16 administrative and supervisory personnel, 162 certified employees and 82 non-certificated employees. The District co-operates with the Pickaway County Educational Service Center, a separate entity, for curricular services.

The District provides regular, and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

B. Fund Accounting

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

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.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

General Fund

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

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Debt Service Fund

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

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

Proprietary Fund Types

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

Enterprise Funds

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

Internal Service Funds

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds

These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds

These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Agency Funds

These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group

This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group

This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
 - b) Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2001 operations, have been recorded as deferred revenues.
- 4) Expenditures 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; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting (Continued)

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types are subject to annual expenditures budget. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is adopted at a regular board meeting later in the year. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer if the line item transfer does not exceed \$10,000. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Similar Fiduciary Fund Type" in accordance with the budget basis of accounting.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

The major differences between the budgetary basis of accounting and GAAP basis are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. 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 Investments." During the fiscal year all investments were limited to certificates of deposit, STAR Ohio and repurchase agreements.

Investments are reported at cost except for investments in STAR Ohio and investments of the deferred compensation agency fund which are reported at fair value. Fair value is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999-00. 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, 2000.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund, Special Revenue Funds and Expendable Trust Funds as authorized by board resolution. Interest income earned in fiscal year 2000 totaled \$253,484.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2000. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2000 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

G. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation.

Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District has a capitalization threshold of \$500 for general fixed assets and no threshold for proprietary fixed assets

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets (Continued)

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets. The average useful life of equipment ranges from eight to twenty years.

J. Intergovernmental Revenues

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

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

General Fund

- State Foundation Program
- School Bus Funding

Capital Projects Funds

- School Net
- School Net Plus

Special Revenue Funds

- Educational Management Information Systems
- Textbook Funding Grant
- Data Communications Grant
- E Rate Funding

Non-Reimbursable Grants:

Special Revenue Funds

- Auxiliary Services Grant
- DPIA
- School Net Professional Training Grant
- Continuous Improvement Life Grant
- Technical Prep Grant
- Ohio School to Work Grant
- Title I
- Title VI
- Drug Free Schools
- Title VI B
- Title II
- Goals 2000
- Pre-School Handicap Grant
- Ec-Speed Mini-Grant

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants: (Continued)

Special Revenue Funds (Continued)

Professional Development Block Grant
School Age Childcare Grant

Reimbursable Grants:

General Fund
Driver Education Reimbursement
Tutor Reimbursement
CAFS

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 45.6% of the District's operating revenue during the 2000 fiscal year.

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000, the District had \$133,480 in "Due from/to Other Funds" and \$213,785 in "Interfund Receivables /Payables."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2000 the District had no long-term interfund loans.

M. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences (Continued)

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The 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. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. At June 30, 2000, the District had no contributed capital.

O. Long-Term Obligations

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

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Q. Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish statutory reserves (See Note 17). The budget stabilization reserve is required by State statute and can be used only after approval by the Board

S. Fund Balance Reserves

The District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, textbook reserves, budget stabilization and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

T. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB No.20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." This Statement is effective for financial statements beginning after December 15, 1992. 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.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board issued statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." For purposes of GASB No. 9, "Cash and Cash Equivalents" refers to cash only. The District has presented a statement of cash flows for its enterprise funds.

V. 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.

W. Memorandum Only - Total Columns

Total columns on the general purposes 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.

2. BUDGETARY BASIS OF ACCOUNTING

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Similar Fiduciary Fund Type					
	General Fund	Special Revenue	Debt Service	Capital Project	Expendabl e Trust Fund
GAAP Basis	\$1,382,824	(152,119)	344,180	(6,603)	\$ (423)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(858,885)	51,701	(88,502)	0	(3)
Due to Expenditures:					
Net Adjustments to Expenditure Accruals	(196,688)	(38,067)	1	(2,540)	8
Due to Other Sources/Uses	(64,367)	62,019	0	0	0
Budget Basis	<u>\$ 262,884</u>	<u>(76,466)</u>	<u>255,679</u>	<u>(9,143)</u>	<u>\$ (418)</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. FUND DEFICITS

Fund Deficits:

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

<u>Special Revenue Funds:</u>	
DPIA	\$ (16,268)
Title II	\$ (1,496)
Title VI-B	\$ (10,854)
E-Rate	\$ (17,846)
<u>Proprietary Fund:</u>	
Food Service	\$ (4,856)

The deficits are due to the adjustments for accrued wages, benefits, accounts payable and interfund payables.

4. 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 withdraw able 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 (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money 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;

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond 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 (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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.

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 of the District's deposits was \$779,833 and the bank balance was \$835,592, of which \$500,000 was in a Certificate of Deposit. Of the bank balance:

1. \$200,472 was covered by federal depository insurance; and
2. \$635,120 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. CASH AND INVESTMENTS (Continued)

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

	Category			Reported Amount	Fair Value
	1	2	3		
STAR Ohio				\$ 3,463,071	\$ 3,463,071
Total Investments				<u>\$ 3,463,071</u>	<u>\$ 3,463,071</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 4,252,361	
Investments:		
STAR Ohio	(3,463,071)	3,463,071
Total	789,290	3,463,071
Cash with Fiscal Agent	(2,257)	
Cash on Hand	(7,200)	
GASB Statement No. 3	<u>\$ 779,833</u>	<u>\$ 3,463,071</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. PROPERTY TAX

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Pickaway County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 1999 with an update to be done in 2002. The next revaluation is scheduled for 2005. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Pickaway County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable July 19.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Pickaway County Treasurer collects property tax on behalf of the District. The Pickaway County Auditor remits to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance; \$1,227,968 at June 30, 2000 for the General Fund and \$130,582 for the Debt Service Fund. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2000 for operations was \$38.50 per \$1,000 of assessed valuation and 3.00 for bond indebtedness.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. PROPERTY TAX (Continued)

The assessed values of real and tangible personal property on which the fiscal year 2000 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 56,928,060
Real Property-Residential/Agricultural	140,294,340
Real Property-Public Utilities	16,058,290
Real Property-Minerals	83,570
Personal Property-General	46,643,284
Personal Property-Public Utilities	<u>89,620</u>
Total Assessed Value	<u><u>\$ 260,097,164</u></u>

6. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
CAFS	\$ 11,888
Driver Education	<u>1,600</u>
Total General Fund	\$ 13,488
Enterprise Fund:	
Food Service-Federal Subsidy	<u>27,752</u>
Grand Total	<u><u>\$ 41,240</u></u>

7. FIXED ASSETS

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Furniture and Equipment	\$ 234,553
Less Accumulated Depreciation	<u>(121,695)</u>
Net Fixed Assets	<u><u>\$ 112,858</u></u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. FIXED ASSETS (Continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land and Improvements	\$ 224,818	0	0	\$ 224,818
Buildings	8,833,835	0	0	8,833,835
Improvements other than Bldg.	309,522	0	0	309,522
Furniture and Equipment	2,706,124	157,108	205,092	2,658,140
Vehicles	514,315	54,742	0	569,057
Total General Fixed Assets	<u>\$ 12,588,614</u>	<u>211,850</u>	<u>205,092</u>	<u>\$ 12,595,372</u>

There was no significant construction in progress at June 30, 2000.

8. DEFINED BENEFIT PENSION PLANS

1. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$246,123, \$211,812, and \$208,620, respectively; 44.35 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$128,412 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

2. 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.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,083,415, \$1,046,064 and \$1,052,988, respectively; 83.0 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$188,420 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

9. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$646,011 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 4.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$105,643 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999,(the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 2000, no members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

10. COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. The administrators are generally granted twenty days of vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Vacation time which is unused as of the employee's anniversary date is can be carried over to a subsequent year with a maximum of three years accrual (60 days). Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

Years Service	Vacation Days
1-6	10
7-10	15
11-15	18
16-beyond	20

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. COMPENSATED ABSENCES (Continued)

Each employee earns sick leave at the rate of one and one-half days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 252 days.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of 120 days of all accumulated sick leave credited to that employee, or thirty (30) day's pay, plus one (1) day's pay for each six (6) accrued sick leave days exceeding 120 days, not to exceed a total of 50 days of severance pay.

11. RISK MANAGEMENT

1. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. In addition, The District maintains a \$4,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$44,100,000

2. Workers Compensation

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

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. RISK MANAGEMENT (Continued)

2. Workers Compensation (Continued)

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

3. Employee Medical Insurance

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs. This self-insurance fund was established October 19, 1984 for the purpose of accumulating balances sufficient to self-insure dental treatments. The District pays the entire amount of premium contributions.

On July 1, 1998, the District joined the Ross County School Employees Insurance Consortium (RCSEIC) to self insure its medical claims. RCSEIC currently includes 18 member school districts. Contributions are determined by the consortium's board of directors and are remitted monthly to the consortium's fiscal agent, who then pays all incurred claims. Thus actual cash "reserves" are held by the fiscal agent. Settlements have never exceeded insurance coverage.

Professional Risk Management, Inc., a third party administrator, services all health / medical claims and dental claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$65,000 per employee consortium wide.

The District utilizes a self insurance fund for the purpose of tracking the fund's balance as held by the fiscal agent. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on documentation obtained by the insurance carrier. A summary of changes in self-insurance claims for the year ended June 30, 2000 follows:

	June 30, 2000	June 30, 1999
Claim Liabilities at beginning of year	\$ 125,114	\$ 62,185
Incurred Claims	731,151	620,176
Claims Paid	(612,350)	(557,247)
Claim Liabilities at end of year	<u>\$ 243,915</u>	<u>\$ 125,114</u>

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. RISK MANAGEMENT (Continued)

3. Employee Medical Insurance (Continued)

Monies are provided from each fund based on a per-employee charge and are recorded as charges for services in the Self-Insurance Fund and as an expenditure in the disbursing fund. Subsequent payments are paid to the Consortium from the Self-Insurance Fund. The Internal Service Fund amount of \$242,646 and the amount due from the Consortium of \$22,683 is in excess of the actual claims payable.

12. NOTES AND LONG-TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30,2000
Intergovernmental Payable	\$ 74,551	18,807	0	\$ 93,358
General Obligation Bonds Payable	2,500,000	0	275,000	2,225,000
General Obligation Notes Payable	760,000	0	140,000	620,000
Capital Leases Payable	39,270	0	18,794	20,476
School Bus Bonds Payable	67,000	0	12,000	55,000
Compensated Absences Payable	1,082,966	75,382	0	1,158,348
	<u>\$ 4,523,787</u>	<u>94,189</u>	<u>445,794</u>	<u>\$ 4,172,182</u>

Restatement of Capital Leases Payable: The June 30, 1999 balance of Capital Leases Payable was understated by \$131 due to an error in the calculation of the interest. The summary of long term obligations reflects the restated amount.

General Obligation Bonds: The \$2,225,000 of outstanding general obligation bond relate to a project in 1987, for which bonds were issued for the purpose of constructing and equipping a new central office and addition to the high school and improving the site thereof at an interest rate of 7.5%. These notes mature December 2007, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. NOTES AND LONG-TERM DEBT (Continued)

The annual maturities of the general obligation bonds as of June 30, 2000, and related interest payments are as follows:

	Principal	Interest	Payment
FY2001	\$ 275,000	156,031	\$ 431,031
FY2002	275,000	135,469	410,469
FY2003	275,000	114,906	389,906
FY2004	280,000	94,163	374,163
FY2005 and thereafter	1,120,000	167,400	1,287,400
	\$ 2,225,000	667,969	\$ 2,892,969

General Obligation Notes: Energy Conservation Notes were issued by the district in two issues. The June, 1990 issue carries an interest rate of 7.7%, and the July, 1996 issue carries an interest rate of 5.4%. The annual maturities of the general obligation notes (Energy Conservation Notes) as of June 30, 2000, and related interest payments are as follows:

	Principal	Interest	Payment
FY2001	\$ 145,000	30,888	\$ 175,888
FY2002	85,000	24,750	109,750
FY2003	90,000	20,500	110,500
FY2004	95,000	15,910	110,910
FY2005 and thereafter	205,000	16,640	221,640
	\$ 620,000	108,688	\$ 728,688

School Bus Bonds: The District has issued bonds in the amount of \$90,000 for the purchase of school buses. This financing is authorized by the Ohio Revised Code Section 133.15A and Ohio Revised Code Section 3327.08. The bonds mature in 2004 and carry an interest rate of 5.3%.

	Principal	Interest	Payment
FY2001	\$ 13,000	2,929	\$ 15,929
FY2002	13,000	2,247	15,247
FY2003	14,000	1,552	15,552
FY2004 and thereafter	15,000	802	15,802
	\$ 55,000	7,530	\$ 62,530

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. NOTES AND LONG-TERM DEBT (Continued)

Capital Leases Payable: The District is making installment payments on computer equipment. This equipment has been capitalized in the general fixed assets account group. This obligation has an outstanding balance of \$20,476 at June 30, 2000. The following is a schedule of future minimum lease payments required under capital leases and present value of the minimum lease payments in the Governmental funds as of June 30, 2000:

	Year Ending June 30
FY2001	\$ 22,309
	22,309
Less interest:	(1,833)
Present Value of Minimum Lease Payments	\$ 20,476

Debt Limitation: The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District's unvoted debt margin is \$260,097. The voted debt limit at June 30, 2000 is \$23,408,745.

13. INTERFUND TRANSACTIONS

At June 30, 2000, the District had short-term interfund loans which are classified as "interfund receivables/payables" and as "due to/due from." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 213,785	\$ 0
Special Revenue Funds	0	143,264
Enterprise Funds	0	70,521
	\$ 213,785	\$ 213,785

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. INTERFUND TRANSACTIONS (Continued)

Due From/To Other Funds:

Homestead and Rollback Recognition-Due from the General Fund for the allocation that should be apportioned to the Debt Service Fund and Workers Compensation liability due from individual funds to be paid when due by an agency fund.

	Due From Other		Due To Other
General Fund	\$ 0	\$	132,899
Special Revenue Funds	0		416
Debt Service Fund	126,632		0
Enterprise Funds	0		165
Agency Fund	6,848		0
	\$ 133,480	\$	133,480

14. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is it's own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District, during 2000, the District paid \$50,597 to MEC.

15. CONTINGENCIES

1. Grants

The District received financial assistance from federal and state 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 adverse effect on the overall financial position of the District at June 30, 2000.

2. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2000.

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. SEGMENTS OF ENTERPRISE ACTIVITIES

Key financial data for the District's Enterprise Funds for the year ended June 30, 2000, are as follows:

	Lunchroom Fund
Operating Revenues	\$ 410,450
Operating Expenses:	
Depreciation	(2,877)
Other Expenses	(634,707)
Total Operating Expenses	(637,584)
Operating Loss	(227,134)
Non Operating Revenues and	
State and Federal Grants	202,239
Federal Commodities	35,507
Transfers In	11,500
Loss on Disposal of Assets	(3,076)
Net Loss	\$ 19,036
Net Working Capital	\$ (117,716)
Total Assets	\$ 148,468
Fixed Asset Additions	\$ 11,514
Fixed Asset Deletions	\$ 8,302
Retained Earnings	\$ (4,856)

17. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7/1/1999	\$ 0	0	82,071	\$ 82,071
Required Set-Aside	310,678	310,678	103,559	724,915
Offset Credits	0	0	(82,071)	(82,071)
Qualifying Expenditures	(254,380)	(310,678)	0	(565,058)
Balance 6/30/2000	\$ 56,298	0	103,559	\$ 159,857

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. STATUTORY RESERVES (Continued)

Expenditures for capital activity during the year were \$345,462 which exceeded the required set-aside. Expenditures for textbook reserve were \$254,380. Fiscal year 1999-2000 revenue exceeded fiscal year 1999 by 6.15% which is more than 3%, therefore, there is a requirement for a 1% set-aside under the budget stabilization reserve for fiscal year 2000. Fiscal year 2000 revenue does exceed fiscal year 1999 revenue by more than 3%. This will require an addition of \$111,660 to the budget stabilization reserve during fiscal year 2001.

18. SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$5,433,908 of school foundation support for its general fund.

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

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

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

CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY

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

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	Federal C.F.D.A. Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster</i>						
Food Distribution		10.550	\$0	\$34,845		\$35,507
National School Breakfast Program	05-PU 00	10.553	\$14,808	0	14,808	0
National School Lunch Program	04-PU 00	10.555	<u>172,774</u>	<u>0</u>	<u>172,774</u>	<u>0</u>
Total U.S. Department of Agriculture- Child Nutrition Cluster			187,582	34,845	187,582	35,507
U.S. Department of Labor						
<i>Pass through Ohio Department of Labor:</i>						
Employment Services and Jof Training Program	STW-99/00	17.249	6,462	0	9,629	0
U.S. Department of Education						
<i>Pass through the Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1 99/00	84.010	419,433	0	464,950	0
Safe and Drug Free Schools and Communities Grant	DR-S1 99/00	84.186	10,830	0	14,072	0
Title VI-Reducing Class Size Grant	CR-S1-00	84.340	35,752	0	29,846	0
Eisenhower Professional Development State Grant	MS-S1 99/00	84.281	3,715	0	22,366	0
Innovative Educational Program Strategies	C2-S1 99/00	84.298	9,168	0	16,057	0
Project L.I.F.E. - School to Work Program	99B0105	84.158	19,500	\$0	26,871	0
Tech-Prep Grant		84.243	10,000	0	10,000	0
<i>Special Education Cluster</i>						
Special Education-Preschool Grant	PG-S1 99/00	84.173	9,185	0	7,458	0
Special Education-Grants to State	6B-SF 99/00	84.027	<u>112,787</u>	<u>0</u>	<u>131,700</u>	<u>0</u>
Total Special Education Cluster			121,972	0	139,158	0
Total U.S. Department of Education			630,370	0	723,320	0
Total Federal Financial Assistance			<u>\$824,414</u>	<u>\$34,845</u>	<u>\$920,531</u>	<u>\$35,507</u>

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

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Non-monetary assistance, such as commodities received from the U.S. Department of Agriculture, is reported in the Schedule at the assessed value provided by the federal agency.



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

Circleville City School District
Pickaway County
388 Clark Drive
Circleville, Ohio 43113

To the Board of Education

We have audited the financial statements of Circleville City School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we has reported to management of the District in a separate letter dated October 16, 2000.

Circleville City School District
Pickaway County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the audit committee, management, 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

October 16, 2000



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

Circleville City School District
Pickaway County
388 Clark Drive
Circleville, Ohio 43113

To the Board of Education

Compliance

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

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

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

Internal Control Over Compliance

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

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

This report is intended for the information and use of the audit committee, 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

October 16, 2000

**CIRCLEVILLE CITY SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION 505
JUNE 30, 2000**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal controls weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section 510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: National School Lunch Lunch/ Breakfast Commodities (Food Distributions) Special Education Cluster: Title VI/ Pre-School Handicapped Title VI
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >=\$300,00 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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CIRCLEVILLE CITY SCHOOL DISTRICT

PICKAWAY 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
DECEMBER 7, 2000**