



**MILLER CITY - NEW CLEVELAND LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 1999-1998**



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

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**STATE OF OHIO**



**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet – All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – All Governmental Fund Types .....	12
Combined Statement of Revenues, Expenses and Changes in Fund Equity – Proprietary Fund Type .....	20
Combined Statement of Cash Flows – Proprietary Fund Type .....	22
Notes to the General-Purpose Financial Statements .....	25
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	49

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## REPORT OF INDEPENDENT ACCOUNTANTS

Miller City-New Cleveland Local School District  
Putnam County  
5400 Road C  
PO Box 38  
Miller City, Ohio 45864-0038

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Miller City-New Cleveland Local School District, Putnam County, Ohio, (the District) as of and for the years ended June 30, 1999 and June 30, 1998, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Miller City-New Cleveland Local School District, Putnam County, Ohio, as of June 30, 1999 and June 30, 1998, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with generally accepted accounting principles.

As described in note 3 to the general-purpose financial statements, during fiscal year 1998 the District changed its method of accounting for investments.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 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.

**Jim Petro**  
Auditor of State

March 7, 2000

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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 899,408	\$ 58,103	\$ 68,183	\$ 193,103
Cash and Cash Equivalents with Fiscal Agents		4,169		
Receivables:				
Property and Other Local Taxes	687,913		46,595	56,026
Intergovernmental	2,073			
Accrued Interest	26,360			
Interfund	10,000			
Inventory Held for Resale				
Materials and Supplies Inventory	1,288			
Prepaid Items	12,541			
Fixed Assets (Net of Accumulated Depreciation where applicable)				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	29,956			
<b>Other Debits:</b>				
Amount available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$ 1,669,539</b>	<b>\$ 62,272</b>	<b>\$ 114,778</b>	<b>\$ 249,129</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 3,812	\$ 0	\$ 0	\$ 0
Interfund Payable				10,000
Accrued Wages and Benefits	136,821	110		
Compensated Absences Payable	3,950			
Deferred Revenue	505,431		44,571	50,645
Undistributed Monies				
Due to Students				
Notes Payable				
General Obligation Bonds Payable				
Total Liabilities	650,014	110	44,571	60,645
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings: Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	68,809	2,835		
Reserved for Inventory	1,288			
Reserved for Property Tax	53,515		2,024	5,381
Reserved for Budget Stabilization	29,956			
Unreserved:				
Unreserved, Undesignated	865,957	59,327	68,183	183,103
Total Fund Equity and Other Credits	1,019,525	62,162	70,207	188,484
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 1,669,539</b>	<b>\$ 62,272</b>	<b>\$ 114,778</b>	<b>\$ 249,129</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Agency			
\$ 25,154	\$ 14,095	\$ 0	\$ 0	\$ 1,258,046 4,169
				790,534
				2,073
				26,360
				10,000
5,575				5,575
1,267				2,555
				12,541
24,039		2,825,214		2,849,253
				29,956
			70,207	70,207
			345,071	345,071
<b>\$ 56,035</b>	<b>\$ 14,095</b>	<b>\$ 2,825,214</b>	<b>\$ 415,278</b>	<b>\$ 5,406,340</b>
\$ 964	\$ 0	\$ 0	\$ 0	\$ 4,776
				10,000
15,960			28,839	181,730
10,294			281,621	295,865
				600,647
	1,073			1,073
	13,022			13,022
			36,818	36,818
			68,000	68,000
27,218	14,095	0	415,278	1,211,931
		2,825,214		2,825,214
1,666				1,666
27,151				27,151
				71,644
				1,288
				60,920
				29,956
				1,176,570
28,817	0	2,825,214	0	4,194,409
<b>\$ 56,035</b>	<b>\$ 14,095</b>	<b>\$ 2,825,214</b>	<b>\$ 415,278</b>	<b>\$ 5,406,340</b>

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1998**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 810,143	\$ 60,804	\$ 65,637	\$ 77,948
Cash and Cash Equivalents with Fiscal Agents		2,252		
Receivables:				
Property and Other Local Taxes	628,848		60,061	55,397
Intergovernmental	768			
Accrued Interest	14,620			
Inventory Held for Resale				
Materials and Supplies Inventory	2,863			
Prepaid Items	11,957			
Fixed Assets (Net of Accumulated Depreciation, where applicable)				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	9,736			
<b>Other Debits:</b>				
Amount available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$ 1,478,935</b>	<b>\$ 63,056</b>	<b>\$ 125,698</b>	<b>\$ 133,345</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 8,746	\$ 307	\$ 0	\$ 0
Accrued Wages and Benefits	138,832	3,283		
Compensated Absences Payable	2,715			
Deferred Revenue	456,415		58,224	50,545
Undistributed Monies				
Due to Students				
Notes Payable				
General Obligation Bonds Payable				
Total Liabilities	606,708	3,590	58,224	50,545
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings: Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	40,996	4,158		2,166
Reserved for Property Tax	47,996		1,837	4,852
Reserved for Inventory	2,863			
Reserved for Budget Stabilization	9,736			
Unreserved:				
Unreserved, Undesignated	770,636	55,308	65,637	75,782
Total Fund Equity and Other Credits	872,227	59,466	67,474	82,800
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 1,478,935</b>	<b>\$ 63,056</b>	<b>\$ 125,698</b>	<b>\$ 133,345</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Agency			
\$ 29,038	\$ 15,382	\$ 0	\$ 0	\$ 1,058,952 2,252
				744,306
				768
				14,620
2,700				2,700
1,303				4,166
				11,957
23,448		2,028,248		2,051,696
				9,736
			67,474	67,474
			403,213	403,213
<b>\$ 56,489</b>	<b>\$ 15,382</b>	<b>\$ 2,028,248</b>	<b>\$ 470,687</b>	<b>\$ 4,371,840</b>
\$ 839	\$ 0	\$ 0	\$ 0	\$ 9,892
14,647			32,543	189,305
6,702			281,385	290,802
305				565,489
	1,073			1,073
	14,309			14,309
			71,759	71,759
			85,000	85,000
22,493	15,382	0	470,687	1,227,629
		2,028,248		2,028,248
1,666				1,666
32,330				32,330
				47,320
				54,685
				2,863
				9,736
				967,363
33,996	0	2,028,248	0	3,144,211
<b>\$ 56,489</b>	<b>\$ 15,382</b>	<b>\$ 2,028,248</b>	<b>\$ 470,687</b>	<b>\$ 4,371,840</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types	
	General	Special Revenue
<b>Revenues:</b>		
Taxes	\$ 893,739	\$ 0
Intergovernmental	1,863,344	91,763
Interest	69,267	54
Tuition and Fees	8,522	
Extracurricular Activities		55,837
Gifts and Donations	50	25,047
Miscellaneous	5,953	
Total Revenues:	2,840,875	172,701
<b>Expenditures:</b>		
Instruction:		
Regular	1,230,494	22,588
Special	227,207	52,613
Vocational	185,159	
Adult/Continuing		890
Support Services:		
Pupils	46,979	4,086
Instructional Staff	69,997	23,818
Board of Education	65,187	
Administration	277,061	
Fiscal	39,440	135
Operation and Maintenance of Plant	346,613	
Pupil Transportation	122,163	48
Central	2,260	5,004
Non-Instructional Services	150	772
Extracurricular activities	57,322	61,379
Capital Outlay		
Debt Service:		
Principal		
Interest		
Total Expenditures:	2,670,032	171,333
Excess of Revenues Over (Under) Expenditures:	170,843	1,368
<b>Other Financing Sources (Uses):</b>		
Operating Transfers In		
Other Financing Sources		1,328
Other Financing Uses	(2,500)	
Operating Transfers Out	(19,470)	
Total Other Financing Sources (Uses)	(21,970)	1,328
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	148,873	2,696
Fund Balance at Beginning of Year	872,227	59,466
Decrease in Inventory	(1,575)	
<b>Fund Balance at End of Year</b>	<b>\$ 1,019,525</b>	<b>\$ 62,162</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Totals (Memorandum Only)
Debt Service	Capital Projects	
\$ 60,248	\$ 55,926	\$ 1,009,913
2,479	694,529	2,652,115
		69,321
		8,522
		55,837
		25,097
		5,953
62,727	750,455	3,826,758
	135	1,253,217
		279,820
		185,159
		890
		51,065
	100,928	194,743
		65,187
		277,061
581		40,156
	561,694	908,307
		122,211
		7,264
		922
		118,701
	1,484	1,484
51,941		51,941
7,472		7,472
59,994	664,241	3,565,600
2,733	86,214	261,158
	19,470	19,470
		1,328
		(2,500)
		(19,470)
0	19,470	(1,172)
2,733	105,684	259,986
67,474	82,800	1,081,967
		(1,575)
<b>\$ 70,207</b>	<b>\$ 188,484</b>	<b>\$ 1,340,378</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1998**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Taxes	\$ 864,422	\$ 0
Intergovernmental	1,631,254	73,840
Interest	57,705	5
Tuition and Fees	5,715	
Extracurricular Activities		51,628
Gifts and Donations	500	1,476
Miscellaneous	25,106	
Total Revenues:	2,584,702	126,949
<b>Expenditures:</b>		
Instruction:		
Regular	1,162,133	4,343
Special	88,356	37,940
Vocational	143,768	
Adult/Continuing		1,492
Support Services:		
Pupils	45,853	4,034
Instructional Staff	93,606	9,626
Board of Education	74,043	
Administration	275,933	
Fiscal	71,252	288
Operation and Maintenance of Plant	201,206	
Pupil Transportation	120,346	
Central	2,235	5,000
Non-Instructional Services	550	264
Extracurricular Activities	50,929	55,003
Capital Outlay		
Debt Service:		
Principal		
Interest		
Total Expenditures:	2,330,210	117,990
Excess of Revenues Over (Under) Expenditures:	254,492	8,959
<b>Other Financing Sources (Uses):</b>		
Other Financing Sources		20,000
Other Financing Uses	(5,000)	
Total Other Financing Sources (Uses)	(5,000)	20,000
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	249,492	28,959
Fund Balance at Beginning of Year	622,290	30,507
Increase in Inventory	445	
<b>Fund Balance at End of Year</b>	<b>\$ 872,227</b>	<b>\$ 59,466</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Totals (Memorandum Only)
Debt Service	Capital Projects	
\$ 59,690	\$ 54,484	\$ 978,596
2,430	10,851	1,718,375
		57,710
		5,715
		51,628
		1,976
		25,106
62,120	65,335	2,839,106
		1,166,476
		126,296
		143,768
		1,492
		49,887
	40,272	143,504
		74,043
		275,933
562		72,102
	49,015	250,221
		120,346
		7,235
		814
		105,932
	1,433	1,433
50,143		50,143
10,183		10,183
60,888	90,720	2,599,808
1,232	(25,385)	239,298
		20,000
		(5,000)
0	0	15,000
1,232	(25,385)	254,298
66,242	108,185	827,224
		445
<b>\$ 67,474</b>	<b>\$ 82,800</b>	<b>\$ 1,081,967</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	<b>Governmental Fund Types</b>		
	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$ 467,793	\$ 504,411	\$ 36,618
Income Tax	328,797	379,279	50,482
Intergovernmental	1,749,683	1,862,039	112,356
Interest	33,670	57,527	23,857
Tuition and Fees	7,070	8,522	1,452
Extracurricular Activities			
Gifts and Donations	507	50	(457)
Miscellaneous	9,090	5,269	(3,821)
<b>Total Revenues:</b>	<b>2,596,610</b>	<b>2,817,097</b>	<b>220,487</b>
<b>Expenditures:</b>			
Instruction:			
Regular	1,331,885	1,232,025	99,860
Special	279,048	229,495	49,553
Vocational	261,798	226,616	35,182
Support Services:			
Pupils	54,066	53,963	103
Instructional Staff	89,758	69,997	19,761
Board of Education	174,993	66,393	108,600
Administration	309,290	273,955	35,335
Fiscal	69,795	38,427	31,368
Operation and Maintenance of Plant	534,682	364,445	170,237
Pupil Transportation	149,529	129,549	19,980
Central	4,475	3,020	1,455
Non-Instructional Services	687	100	587
Extracurricular Activities	58,128	57,150	978
Capital Outlay			
Debt Service:			
Principal and Interest			
<b>Total Expenditures:</b>	<b>3,318,134</b>	<b>2,745,135</b>	<b>572,999</b>
Excess of Revenues Over (Under) Expenditures:	(721,524)	71,962	793,486
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In			
Refund of Prior Year Expenditures		684	684
Advances In			
Operating Transfers Out	(19,470)	(19,470)	
Other Financing Uses	(2,500)	(2,500)	
Advances Out	(10,000)	(10,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>(31,970)</b>	<b>(31,286)</b>	<b>684</b>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(753,494)	40,676	794,170
Fund Balance at Beginning of Year	777,275	777,275	0
Prior Year Encumbrances Appropriated	42,604	42,604	0
<b>Fund Balance at End of Year</b>	<b>\$ 66,385</b>	<b>\$ 860,555</b>	<b>\$ 794,170</b>

**Governmental Fund Types**

<b>Special Revenue</b>			<b>Debt Service</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$ 0	\$ 0	\$ 0	\$ 56,916	\$ 60,061	\$ 3,145
66,473	69,576	3,103	2,370	2,478	108
105	54	(51)			
55,920	55,837	(83)			
24,697	25,047	350			
<b>147,195</b>	<b>150,514</b>	<b>3,319</b>	<b>59,286</b>	<b>62,539</b>	<b>3,253</b>
28,243	22,555	5,688			
55,951	51,468	4,483			
15,921	13,152	2,769			
135	135	0	560		560
350	48	302			
5,004	5,004	0			
2,600	750	1,850			
75,703	64,267	11,436			
			60,018	59,994	24
183,907	157,379	26,528	60,578	59,994	584
(36,712)	(6,865)	29,847	(1,292)	2,545	3,837
3,315		(3,315)			
1,328	1,328	0			
<b>4,643</b>	<b>1,328</b>	<b>(3,315)</b>	<b>0</b>	<b>0</b>	<b>0</b>
(32,069)	(5,537)	26,532	(1,292)	2,545	3,837
56,595	56,595	0	65,638	65,638	0
4,210	4,210	0	0	0	0
<b>\$ 28,736</b>	<b>\$ 55,268</b>	<b>\$ 26,532</b>	<b>\$ 64,346</b>	<b>\$ 68,183</b>	<b>\$ 3,837</b>

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999  
(Continued)**

	<u>Governmental Fund Types</u>		
	<u>Capital Projects</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Taxes	\$ 61,634	\$ 55,397	\$ (6,237)
Income Tax			
Intergovernmental	693,961	694,529	568
Interest			
Tuition and Fees			
Extracurricular Activities			
Gifts and Donations			
Miscellaneous			
Total Revenues:	<u>755,595</u>	<u>749,926</u>	<u>(5,669)</u>
<b>Expenditures:</b>			
Instruction:			
Regular	20,798	20,141	657
Special			
Vocational			
Support Services:			
Pupils			
Instructional Staff	189,466	119,250	70,216
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant	551,674	526,377	25,297
Pupil Transportation	461		461
Central			
Non-Instructional Services			
Extracurricular Activities			
Capital Outlay	1,730	1,753	(23)
Debt Service:			
Principal and Interest			
Total Expenditures:	<u>764,129</u>	<u>667,521</u>	<u>96,608</u>
Excess of Revenues Over (Under) Expenditures:	<u>(8,534)</u>	<u>82,405</u>	<u>90,939</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	19,470	19,470	0
Refund of Prior Year Expenditures			
Advances In		10,000	10,000
Operating Transfers Out			
Other Financing Uses			
Advances Out			
Total Other Financing Sources (Uses)	<u>19,470</u>	<u>29,470</u>	<u>10,000</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,936	111,875	100,939
Fund Balance at Beginning of Year	75,780	75,780	0
Prior Year Encumbrances Appropriated	2,166	2,166	0
<b>Fund Balance at End of Year</b>	<b><u>\$ 88,882</u></b>	<b><u>\$ 189,821</u></b>	<b><u>\$ 100,939</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$ 586,343	\$ 619,869	\$ 33,526
328,797	379,279	50,482
2,512,487	2,628,622	116,135
33,775	57,581	23,806
7,070	8,522	1,452
55,920	55,837	(83)
25,204	25,097	(107)
9,090	5,269	(3,821)
<b>3,558,686</b>	<b>3,780,076</b>	<b>221,390</b>
1,380,926	1,274,721	106,205
334,999	280,963	54,036
261,798	226,616	35,182
54,066	53,963	103
295,145	202,399	92,746
174,993	66,393	108,600
309,290	273,955	35,335
70,490	38,562	31,928
1,086,356	890,822	195,534
150,340	129,597	20,743
9,479	8,024	1,455
3,287	850	2,437
133,831	121,417	12,414
1,730	1,753	(23)
<b>60,018</b>	<b>59,994</b>	<b>24</b>
<b>4,326,748</b>	<b>3,630,029</b>	<b>696,719</b>
<b>(768,062)</b>	<b>150,047</b>	<b>918,109</b>
22,785	19,470	(3,315)
1,328	2,012	684
0	10,000	10,000
(19,470)	(19,470)	0
(2,500)	(2,500)	0
(10,000)	(10,000)	0
<b>(7,857)</b>	<b>(488)</b>	<b>7,369</b>
(775,919)	149,559	925,478
975,288	975,288	0
48,980	48,980	0
<b>\$ 248,349</b>	<b>\$ 1,173,827</b>	<b>\$ 925,478</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1998**

	<b>Governmental Fund Types</b>		
	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$ 480,428	\$ 480,457	\$ 29
Income Tax	354,348	354,348	0
Intergovernmental	1,631,570	1,632,189	619
Interest	61,337	61,540	203
Tuition and Fees	5,485	5,715	230
Extracurricular Activities			
Gifts and Donations	500	500	0
Miscellaneous	14,696	14,817	121
Total Revenues:	<u>2,548,364</u>	<u>2,549,566</u>	<u>1,202</u>
<b>Expenditures:</b>			
Instruction:			
Regular	1,275,145	1,238,004	37,141
Special	143,534	95,355	48,179
Vocational	170,441	162,781	7,660
Support Services:			
Pupils	50,008	50,299	(291)
Instructional Staff	125,154	94,106	31,048
Board of Education	75,715	74,736	979
Administration	296,546	284,250	12,296
Fiscal	85,532	73,904	11,628
Operation and Maintenance of Plant	406,996	207,701	199,295
Pupil Transportation	173,144	123,131	50,013
Central	4,842	3,032	1,810
Non-Instructional Services	675	600	75
Extracurricular Activities	54,319	53,785	534
Capital Outlay			
Debt Service:			
Principal and Interest			
Total Expenditures:	<u>2,862,051</u>	<u>2,461,684</u>	<u>400,367</u>
Excess of Revenues Over (Under) Expenditures:	<u>(313,687)</u>	<u>87,882</u>	<u>401,569</u>
<b>Other Financing Sources (Uses):</b>			
Other Financing Sources			
Refund of Prior Year Expenditures	553	10,289	9,736
Advances In	113	113	0
Other Financing Uses	(5,000)	(5,000)	0
Total Other Financing Sources (Uses)	<u>(4,334)</u>	<u>5,402</u>	<u>9,736</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(318,021)</u>	<u>93,284</u>	<u>411,305</u>
Fund Balance at Beginning of Year	632,735	632,735	0
Prior Year Encumbrances Appropriated	51,256	51,256	0
<b>Fund Balance at End of Year</b>	<u><b>\$ 365,970</b></u>	<u><b>\$ 777,275</b></u>	<u><b>\$ 411,305</b></u>

**Governmental Fund Types**

<b>Special Revenue</b>			<b>Debt Service</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$ 0	\$ 0	\$ 0	\$ 58,982	\$ 59,076	\$ 94
59,975	55,286	(4,689)	2,430	2,430	0
5	5	0			
51,511	51,628	117			
1,461	1,476	15			
<b>112,952</b>	<b>108,395</b>	<b>(4,557)</b>	<b>61,412</b>	<b>61,506</b>	<b>94</b>
15,434	3,880	11,554			
38,026	29,563	8,463			
2,917	2,250	667			
537	160	377	500		500
2,736		2,736			
5,004	5,000	4			
1,528	200	1,328			
72,376	59,547	12,829			
			60,883	60,888	(5)
<b>138,558</b>	<b>100,600</b>	<b>37,958</b>	<b>61,383</b>	<b>60,888</b>	<b>495</b>
<b>(25,606)</b>	<b>7,795</b>	<b>33,401</b>	<b>29</b>	<b>618</b>	<b>589</b>
20,000	20,000	0			
<b>20,000</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(5,606)	27,795	33,401	29	618	589
24,219	24,219	0	65,020	65,020	0
4,581	4,581	0	0	0	0
<b>\$ 23,194</b>	<b>\$ 56,595</b>	<b>\$ 33,401</b>	<b>\$ 65,049</b>	<b>\$ 65,638</b>	<b>\$ 589</b>

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1998  
(Continued)**

	Governmental Fund Types		
	Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 52,473	\$ 52,756	\$ 283
Income Tax			
Intergovernmental	10,851	10,851	0
Interest			
Tuition and Fees			
Extracurricular Activities			
Gifts and Donations			
Miscellaneous			
Total Revenues:	<u>63,324</u>	<u>63,607</u>	<u>283</u>
<b>Expenditures:</b>			
Instruction:			
Regular			
Special			
Vocational			
Support Services:			
Pupils			
Instructional Staff	51,363	40,272	11,091
Board of Education			
Administration			
Fiscal	500		500
Operation and Maintenance of Plant	106,518	51,181	55,337
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular Activities			
Capital Outlay	1,417	1,433	(16)
Debt Service:			
Principal and Interest			
Total Expenditures:	<u>159,798</u>	<u>92,886</u>	<u>66,912</u>
Excess of Revenues Over (Under) Expenditures:	<u>(96,474)</u>	<u>(29,279)</u>	<u>67,195</u>
<b>Other Financing Sources (Uses):</b>			
Other Financing Sources			
Refund of Prior Year Expenditures			
Advances In			
Other Financing Uses			
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(96,474)</u>	<u>(29,279)</u>	<u>67,195</u>
Fund Balance at Beginning of Year	55,983	55,983	0
Prior Year Encumbrances Appropriated	49,076	49,076	0
<b>Fund Balance at End of Year</b>	<u><b>\$ 8,585</b></u>	<u><b>\$ 75,780</b></u>	<u><b>\$ 67,195</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$ 591,883	\$ 592,289	\$ 406
354,348	354,348	0
1,704,826	1,700,756	(4,070)
61,342	61,545	203
5,485	5,715	230
51,511	51,628	117
1,961	1,976	15
14,696	14,817	121
<b>2,786,052</b>	<b>2,783,074</b>	<b>(2,978)</b>
1,290,579	1,241,884	48,695
181,560	124,918	56,642
170,441	162,781	7,660
50,008	50,299	(291)
179,434	136,628	42,806
75,715	74,736	979
296,546	284,250	12,296
87,069	74,064	13,005
513,514	258,882	254,632
175,880	123,131	52,749
9,846	8,032	1,814
2,203	800	1,403
126,695	113,332	13,363
1,417	1,433	(16)
60,883	60,888	(5)
<b>3,221,790</b>	<b>2,716,058</b>	<b>505,732</b>
<b>(435,738)</b>	<b>67,016</b>	<b>502,754</b>
20,000	20,000	0
553	10,289	9,736
113	113	0
(5,000)	(5,000)	0
<b>15,666</b>	<b>25,402</b>	<b>9,736</b>
(420,072)	92,418	512,490
777,957	777,957	0
104,913	104,913	0
<b>\$ 462,798</b>	<b>\$ 975,288</b>	<b>\$ 512,490</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND EQUITY - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$ 131,351
Other Revenues	964
Total Operating Revenues	132,315
<b>Operating Expenses:</b>	
Salaries	36,530
Fringe Benefits	24,747
Purchased Services	4,923
Materials and Supplies	21,474
Cost of Sales	72,446
Depreciation	3,557
Other	2,405
Total Operating Expenses	166,082
Operating Loss	(33,767)
<b>Non-Operating Revenues:</b>	
Federal Donated Commodities	11,884
Interest	398
Federal and State Subsidies	16,306
Total Non-Operating Revenues	28,588
Net Loss	(5,179)
Retained Earnings at Beginning of Year	32,330
Retained Earnings at End of Year	27,151
Contributed Capital at Beginning and End of Year	1,666
<b>Total Fund Equity at End of Year</b>	<b>\$ 28,817</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND EQUITY - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 1998**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$ 137,598
Other Revenues	408
	138,006
<b>Operating Expenses:</b>	
Salaries	37,282
Fringe Benefits	19,144
Purchased Services	3,988
Materials and Supplies	22,784
Cost of Sales	76,112
Depreciation	3,028
Other	325
	162,663
Operating Loss	(24,657)
<b>Non-Operating Revenues:</b>	
Federal Donated Commodities	11,131
Operating Grants	18,574
	29,705
Net Income	5,048
Retained Earnings at Beginning of Year	27,282
Retained Earnings at End of Year	32,330
Contributed Capital at Beginning and End of Year	1,666
<b>Total Fund Equity at End of Year</b>	<b>\$ 33,996</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 132,316
Cash Payments to Suppliers for Goods and Services	(90,188)
Cash Payments to Employees for Services	(35,357)
Cash Payments for Employee Benefits	(20,805)
Cash Payments for Other Expenses	<u>(2,405)</u>
Net Cash Used by Operating Activities	<u>(16,439)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash Received from Operating Grants	<u>16,306</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Payments for Capital Acquisitions	<u>(4,149)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest on Investments	<u>398</u>
Net Decrease in Cash and Cash Equivalents	(3,884)
Cash and Cash Equivalents at Beginning of Year	<u>29,038</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u><u>\$ 25,154</u></u></b>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (33,767)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:</b>	
Depreciation	3,557
Federal Donated Commodities	11,884
Changes in Assets and Liabilities:	
Decrease in Materials and Supplies Inventory	36
Increase in Inventory Held for Resale	(2,875)
Increase in Accounts Payable	126
Increase in Accrued Wages	1,313
Increase in Compensated Absences Payable	3,592
Decrease in Deferred Revenue	<u>(305)</u>
Total Adjustments	<u>17,328</u>
<b>Net Cash Used by Operating Activities</b>	<b><u><u>\$ (16,439)</u></u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 1998**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 138,006
Cash Payments to Suppliers for Goods and Services	(94,852)
Cash Payments to Employees for Services	(35,777)
Cash Payments for Employee Benefits	(17,545)
Net Cash Used by Operating Activities	<u>(10,168)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash Received from Operating Grants	18,574
Cash Repaid to Other Funds	(113)
Net Cash Provided by Noncapital Financing Activities	<u>18,461</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Payments for Capital Acquisitions	(4,672)
Net Increase in Cash and Cash Equivalents	3,621
Cash and Cash Equivalents at Beginning of Year	<u>25,417</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 29,038</u></b>
 <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (24,657)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:</b>	
Depreciation	3,028
Federal Donated Commodities	11,131
Changes in Assets and Liabilities:	
Increase in Inventory Held for Resale	(2,430)
Decrease in Materials and Supplies Inventory	478
Increase in Accrued Wages	1,934
Increase in Compensated Absences Payable	1,075
Increase in Accounts Payable	76
Decrease in Deferred Revenue	(803)
Total Adjustments	<u>14,489</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (10,168)</u></b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998**

**NOTE 1 - DESCRIPTION OF SCHOOL DISTRICT**

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

The School District was established in 1932. The School District serves an area of approximately 48 square miles. It is located in Putnam County and includes the Village of Miller City and portions of Palmer, Liberty, Greensburg, and Ottawa Townships. The School District is the 599th largest in the State of Ohio (among 611 School District) in terms of enrollment. It is staffed by 16 classified employees, 41 certified full-time teaching personnel, and 4 administrative employees who provide services to 485 students and other community members. The School District currently operates two instructional buildings.

**Reporting Entity**

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

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

The School District is associated with four organizations which are defined as jointly governed organizations and insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Blanchard Valley Cooperative Career Center, the Putnam County School Insurance Group, and the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (GRP). These organizations are presented in Notes 16 and 17 to the general-purpose financial statements.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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

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

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

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

**Governmental Fund Types**

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

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

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

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

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

**Proprietary Fund Types**

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**Fiduciary Fund Types**

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

**Account Groups**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 and June 30, 1998, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal years 2000 and 1999 operations respectively, have been recorded as deferred revenue.

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

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolutions of the Board of Education.

The Eisenhower, Title VI-B Preschool, Title VI-B School Age, and Drug Free Schools special revenue funds are flow through grants in which the Putnam County Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted, and the School District does not maintain separate budgetary records.

**Tax Budget**

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

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

**Estimated Resources**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal years 1999 and 1998.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During fiscal years 1999 and 1998, several supplemental appropriation resolutions were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**Encumbrances**

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

**Lapsing of Appropriations**

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

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. Cash and cash equivalents held for the School District by the Putnam County Educational Service Center is included on the balance sheet as part of "cash and cash equivalent with fiscal agent".

During fiscal years 1999 and 1998, investments were limited to certificates of deposit, withdrawable (NOW) accounts, money market deposit accounts, and savings accounts.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal years 1999 and 1998 amounted to \$69,267 and \$57,705, which includes \$17,871 and \$14,022 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**E. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**F. Inventory**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999 and June 30, 1998 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Fixed Assets and Depreciation**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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

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

**I. Intergovernmental Revenues**

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

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

Entitlements

*General Fund*

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

Non-Reimbursable Grants

*Special Revenue Funds*

- Teacher Development Grant
- Financial Literacy Grant
- Education Management Information Systems
- Textbook and Instructional Materials Subsidy Fund
- Eisenhower Grant
- Title I Grant
- Innovative Education Program Strategies (formally Chapter 2)
- Continuous Improvement Grant
- Title VI-B Preschool Grant
- Title VI-B School Age Grant
- Drug Free Grant

*Capital Projects Funds*

- Disability Access Project Grant
- School Net Plus
- Tech Equity Grant
- Distance Learning Grant
- Emergency School Building Repair Grant

Reimbursable Grants

*General Fund*

- Driver Education

*Proprietary Funds*

- National School Lunch Program
- Special Milk Program
- Government Donated Commodities

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Grants and entitlements amounted to approximately 69% for FY99 and 60% for FY98 of the School District's operating revenue for all governmental funds.

**J. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

For governmental funds, the current portion of 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 obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

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

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

**M. Contributed Capital**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only amounts that have been specifically identified as contributed capital have been classified as contributed capital in the accompanying combined financial statements.

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and 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.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. Fund Balance Reserves**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenue and expenditures.

**P. 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.

**Q. Total Columns on General-Purpose Financial Statements**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 1998, the School District has implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement established accounting and reporting guidelines for government investments and investment pools. Certain investments which were reported at cost in previous years are now reported at fair value. The implementation of GASB

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Statement No. 31 had no effect on fund balance/retained earnings as it was previously reported as of June 30, 1997.

**Compliance**

Expenditures exceeded appropriations in the following accounts, by the amounts indicated:

**June 30, 1999:**

Capital Projects Fund:	
Capital Outlay	\$ 23

**June 30, 1998:**

General Fund:	
Support Services-Pupils	\$291
Capital Projects Fund:	
Capital Outlay	16
Debt Service Fund:	
Principal and Interest	5

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. 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).
5. Although not part of the appropriated budget, Title VI-B Preschool, Title VI-B School Age, Eisenhower and Drug Free special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types 1999

	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$ 40,676	\$ (5,537)	\$ 2,545	\$ 111,875
Revenue Accruals	23,094	22,187	188	(9,471)
Expenditure Accruals	16,294	(16,789)	0	0
Encumbrances	68,809	2,835	0	3,280
GAAP Basis	<u>\$ 148,873</u>	<u>\$ 2,696</u>	<u>\$ 2,733</u>	<u>\$ 105,684</u>

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types 1998

	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$ 93,284	\$ 27,795	\$ 618	\$ (29,279)
Revenue Accruals	24,734	18,554	614	1,728
Expenditure Accruals	88,870	(21,600)	0	0
Encumbrances	42,604	4,210	0	2,166
GAAP Basis	<u>\$ 249,492</u>	<u>\$ 28,959</u>	<u>\$ 1,232</u>	<u>\$ (25,385)</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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

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

*Cash on Hand* At fiscal year-end 1999 and 1998, the School District had \$102 and \$66 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

At fiscal year-end 1999 and 1998, the School District had \$4,169 and \$2,252 held by the Putnam County Educational Service Center. This amount is included on the balance sheet as "Cash with Fiscal Agent".

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**Deposits**

At fiscal year-end 1999, the carrying amount of the School District's deposits and cash on hand was \$1,292,171 and the bank balance was \$1,368,150. Of the bank balance, \$300,457 was covered by federal depository insurance, \$310,617 was covered by securities held by the pledging financial institution's trust department in the School District's name and \$757,076 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC. At fiscal year-end 1998, the carrying amount of the School District's deposits and cash on hand was \$1,070,940 and the bank balance was \$1,123,786. Of the bank balance, \$400,000 was covered by federal depository insurance and \$723,786 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC. .

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$53,515 in the General Fund, \$2,024 in the Debt Service Fund and \$5,381 in the Capital Projects Fund. The amount available as an advance at June 30, 1998, was \$47,996 in the General Fund, \$1,837 in the Debt Service Fund and \$4,852 in the Capital Projects Fund.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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

	1998 Second Half Collections		1999 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 19,895,320	85.20%	\$ 20,460,060	85.57%
Public Utility	2,430,130	10.41%	2,761,880	11.28%
Tangible Personal Property	1,026,307	4.39%	1,261,404	5.15%
<b>Total Assessed Value</b>	<b>\$ 23,351,757</b>	<b>100.00%</b>	<b>\$ 24,483,444</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$35.00		\$35.00	

The assessed values upon which fiscal year 1998 taxes were collected are:

	1997 Second Half Collections		1998 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 19,371,390	85.12%	\$ 19,895,320	85.20%
Public Utility	2360860	10.37%	2430130	10.41%
Tangible Personal Property	1026307	4.51%	1026307	4.39%
<b>Total Assessed Value</b>	<b>\$ 22,758,557</b>	<b>100.00%</b>	<b>\$ 23,351,757</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$35.00		\$35.00	

**NOTE 7 - INCOME TAXES**

The School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, consisted of property taxes, Ohio School District Income Tax, intergovernmental, interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

nonpayment of taxes, stable condition of state programs, and the current fiscal year guarantee of federal funds.

**NOTE 9 - FIXED ASSETS**

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

Furniture and Equipment	\$ 49,709
Less Accumulated Depreciation	<u>(25,670)</u>
Net Fixed Assets	<u>\$ 24,039</u>

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

Asset Category	Balance at At 6/30/98	Additions	Reductions	Balance at At 6/30/99
Land and Improvements	\$ 28,768	\$ 30,472	\$ 0	\$ 59,240
Buildings and Improvements	924,264	0	0	924,264
Furniture, Fixtures and Equipment	723,093	162,339	35,115	850,317
Vehicles	352,123	0	0	352,123
Construction in Progress	0	639,270	0	639,270
Total General Fixed Assets	<u>\$ 2,028,248</u>	<u>\$ 832,081</u>	<u>\$ 35,115</u>	<u>\$ 2,825,214</u>

A summary of the enterprise funds' fixed assets at June 30, 1998, follows:

Furniture and Equipment	\$ 45,610
Less Accumulated Depreciation	<u>( 22,162)</u>
Net Fixed Assets	<u>\$ 23,448</u>

A summary of the changes in general fixed assets during fiscal year 1998, follows:

Asset Category	Balance at At 6/30/97	Additions	Reductions	Balance at At 6/30/98
Land and Improvements	\$ 28,768	\$ 0	\$ 0	\$ 28,768
Buildings and Improvements	1,015,383	23,961	115,080	924,264
Furniture, Fixtures and Equipment	659,858	73,301	10,066	723,093
Vehicles	352,123	0	0	352,123
Total General Fixed Assets	<u>\$ 2,056,132</u>	<u>\$ 97,262</u>	<u>\$ 125,146</u>	<u>\$ 2,028,248</u>

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal years 1999 and 1998, the School District contracted with Indiana Insurance for property insurance, fleet insurance and liability insurance.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Coverages provided by Indiana Insurance are as follows:

Building and Contents:					
Replacement Cost	\$	500	\$ 6,653,864	\$	500 \$ 7,152,564
Earthquake Coverage		5%	\$ 5,000,000		5% \$ 5,000,000
Inland Marine Coverage	\$	100	\$ 30,000	\$	100 \$ 10,000
Automobile Liability			\$ 1,000,000		\$ 1,000,000
Commercial Crime			\$ 1,000		\$ 1,000
School Leaders Errors/ Omissions/Misconduct			\$ 1,000,000		\$ 1,000,000
General Liability:					
Per occurrence			\$ 1,000,000		\$ 1,000,000
General Aggregate Limit			\$ 2,000,000		\$ 2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The School District joined together with school districts and other entities to form the Putnam County Schools Insurance Group (PCSIG), a public entity risk pool currently operating as a common risk management and insurance program for 11 member entities. The School District pays its monthly premiums to the PCSIG and their designated insurance company. The PCSIG is responsible for the operation and maintenance of the program. If the premiums are insufficient to pay the program costs for the fiscal year, the PCSIG may assess additional charges to all participants.

The PCSIG provides employee health care benefits to all participants under a contingent premium policy. Under the policy, the provider pays claims up to 90 percent of the fully insured rate and the PCSIG reimburses the provider for claims up to 107 percent of the fully insured rate. Any claims in excess of the 107 percent are covered under a stop loss policy.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Miller City-New Cleveland Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined pension plan. SERS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

statements and required supplementary information. This report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations and 9.02 percent for fiscal year 1998. Prior to July 1, 1997, the portion used to fund pension obligations was 9.79 percent. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$19,201, \$22,517 and \$24,109, respectively; 37 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$12,143 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; for fiscal year 1999, 6 percent was the portion used to fund pension obligations and 10.5 percent for fiscal year 1998. Prior to July 1, 1997, the portion used to fund pension obligations was 12 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 School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$81,428, \$143,134 and \$160,080, respectively; 84 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$12,759 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). 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.

**A. School Employees Retirement System:**

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and 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.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

For fiscal years 1999 and 1998, employer contributions to fund health care benefits were 6.3 percent and 4.98 percent, respectively, of covered payroll, an increase from 4.21 percent for fiscal year 1997. 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 years 1999 and 1998, the minimum pay has been established at \$12,400. The surcharge, 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.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$28,109 during the 1999 fiscal year and \$24,832 during the 1998 fiscal year.

**B. State Teachers Retirement System:**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14 percent of covered payroll. Through June 30, 1999 and June 30, 1998, the board allocated employer contributions equal to 8 percent and 3.5 percent, respectively, of covered payroll to the Health Care Reserve Fund. Prior to July 1, 1997 the rate was 2 percent. For the School District, this amount equaled \$108,571 during fiscal 1999 and \$47,711 during fiscal year 1998.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients

**NOTE 13 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days. Upon retirement, payment is made for 25% of their accrued, but unused sick leave credit to a maximum of 56.25 days.

**B. Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource. The School District has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield. The Board pays the cost of the monthly premium. The premium varies with employee depending on the terms of the union contract. Dental insurance is provided by the School District to most employees through the Anthem Blue Cross/Blue Shield and vision insurance is provided to most employees by Vision Service Plan.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/98	Additions	Reductions	Principal Outstanding 6/30/99
5.25% Energy Conservation Loan Matures 5/15/00, Issued 11/15/93	\$ 71,759	\$ 0	\$ 34,941	\$ 36,818
5.38% Building Bonds Matures 12/01/03, Issued 11/1/77	85,000	0	17,000	68,000
Accrued Wages and Benefits	32,543	28,839	32,543	28,839
Compensated Absences	281,385	281,621	281,385	281,621
Totals	<u>\$ 470,687</u>	<u>\$ 310,460</u>	<u>\$ 365,869</u>	<u>\$ 415,278</u>

The changes in the School District's long-term obligations during fiscal year 1998 were as follows:

	Principal Outstanding 6/30/97	Additions	Reductions	Principal Outstanding 6/30/98
5.25% Energy Conservation Loan Matures 5/15/00, Issued 11/15/93	\$ 104,902	\$ 0	\$ 33,143	\$ 71,759
5.38% Building Bonds Matures 12/01/03, Issued 11/1/77	102,000	0	17,000	85,000
Accrued Wages and Benefits	30,006	32,543	30,006	32,543
Compensated Absences	308,109	281,385	308,109	281,385
Totals	<u>\$ 545,017</u>	<u>\$ 313,928</u>	<u>\$ 388,258</u>	<u>\$ 470,687</u>

Energy conservation loan proceeds were used for energy conservation measures approved under House Bill 264. The notes are retired through the debt service fund.

Bond levy proceeds were used for remodeling of classrooms and construction of a new gymnasium. The bonds are retired through the debt service fund.

Compensated absences and accrued wages and benefits payables will be paid from the fund from which the employees' salaries are paid.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 1999, are as follows:

Year Ending June 30	General Obligation Bonds	Energy Conservation Loan
2000	\$ 20,198	\$ 38,301
2001	19,284	
2002	18,371	
2003	17,457	
Total	<u>\$ 75,310</u>	<u>\$ 38,301</u>

The amounts in the amortization schedule are estimates. Actual amounts may vary if payments are made on different dates or in different amounts.

The School District's voted legal debt margin was \$2,203,501 with an unvoted debt margin of \$24,483 at June 30, 1999 and \$2,101,658 with an unvoted debt margin of \$23,352 at June 30, 1998.

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal years ended June 30, 1999 and June 30, 1998.

1999	Food Service	Uniform School Supply	Total
Operating Revenues	\$ 110,370	\$ 21,945	\$ 132,315
Operating Expenses Before Depreciation	143,925	18,600	162,525
Depreciation Expense	3,557	0	3,557
Operating Income (Loss)	(37,112)	3,345	(33,767)
Non-Operating Revenues			
Federal Donated Commodities	11,884	0	11,884
Operating Grants	16,306	0	16,306
Interest	398	0	398
Net Income (Loss)	(8,524)	3,345	(5,179)
Additions to Property, Plant and Equipment	4,149	0	4,149
Net Working Capital	8,061	7,011	15,072
Total Assets	49,024	7,011	56,035
Long-Term Liabilities	10,294	0	10,294
Total Equity	21,806	7,011	28,817
Encumbrances Outstanding (Budget Basis) at June 30, 1999	0	0	0

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

<b>1998</b>	Food Service	Uniform School Supply	Total
Operating Revenues	\$ 114,339	\$ 23,667	\$ 138,006
Operating Expenses Before Depreciation	139,281	20,354	159,635
Depreciation Expense	3,028	0	3,028
Operating Income (Loss)	(27,970)	3,313	(24,657)
Non-Operating Revenues			
Federal Donated Commodities	11,131	0	11,131
Operating Grants	18,574	0	18,574
Net Income (Loss)	1,735	3,313	5,048
Additions to Property, Plant and Equipment	4,672	0	4,672
Net Working Capital	13,585	3,665	17,250
Total Assets	52,824	3,665	56,489
Long-Term Liabilities	6,702	0	6,702
Total Equity	30,331	3,665	33,996
Encumbrances Outstanding (Budget Basis) at June 30, 1998	2,145	0	2,145

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Van Wert and Wood counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

**B. Blanchard Valley Cooperative Vocational Career Center**

The Blanchard Valley Cooperative Vocational Career Center is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from the Putnam and Hancock County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, Pam Barber, who serves as treasurer, 227 South West Street, Findlay, Ohio 45840-3377.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**NOTE 17 - INSURANCE POOLS**

**A. Putnam County Schools Insurance Group**

The Putnam County Schools Insurance Group is a shared risk pool among nine local school districts, the Putnam County Board of MR/DD, and the Putnam County Educational Service Center. The insurance group is governed by an advisory committee consisting of each member's superintendent or designee and a teacher from each participating school district. Financial information can be obtained from Kathleen Schmitz, who serves as treasurer, at P.O. Box 190, Ottawa, Ohio 45875.

**B. NOACSC Workers' Compensation Group Rating Program**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The NOACSC Workers' Compensation Group Rating Plan (the Plan) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool.

The Safety Coordinator, Robert Lotz, of NOACSC, or his designee, serves as coordinator of the Plan. Each year, the participating members pay an enrollment fee to the Plan to cover the costs of administering the program.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999 or June 30, 1998.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

**NOTE 19 - STATE 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 Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal years ended June 30, 1999 and June 30, 1998, the School District received \$1,696,901 and \$1,328,843 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of March 7, 2000, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court,

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**NOTE 20 – SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. The amount for fiscal year 1999 was 2% of previous year qualifying general fund revenue. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The School District is also required to set aside money for budget stabilization, which for fiscal year 1999 was 1% of previous year qualifying general fund revenue, if the growth in a school district's qualifying general fund revenue for fiscal year 1997 to fiscal year 1998 is 3% or more. The School District did have a growth in qualifying revenue of 3% or more.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Acquisition</u>	<u>Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 1998	\$ 0	\$ 0	\$ 9,736	\$ 9,736
Current Year Set-aside Requirement	40,147	40,147	20,073	100,367
Current Year Additional Deposits	0	0	147	147
Current Year Offsets	(6,879)	(40,147)	0	(47,026)
Qualifying Disbursements	<u>(33,268)</u>	<u>0</u>	<u>0</u>	<u>(33,268)</u>
Set-aside Cash Balance as of June 30, 1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,956</u>	<u>\$ 29,956</u>
Total Restricted Assets				<u>\$ 29,956</u>

Qualifying expenditures for textbook activity during the year were \$34,478, and capital acquisitions offset for the year was \$55,397. These amounts were in excess of the required set-aside and offset.

**NOTE 21 - OUTSTANDING CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the District had outstanding contracts in the General Fund of \$15,110 and in the Capital Projects Fund Type of \$85,330 for emergency repair grant and ADA grant projects.

**NOTE 22 - SUBSEQUENT EVENTS**

In December, 1999, the District entered into an agreement with the Ohio School Facilities Commission for the new K-12 building project. Grant money will be received from the State for assistance in the construction of a new K-12 building. In order to pay \$1,483,000 its portion of the total cost of construction of a new K-12 facility, plus a one-half mill maintenance fees as certified by the Ohio School Facilities Commission through the Classroom Facilities Assistance Program, District voters passed a 4.4 mill bond issue and a .5 mill maintenance levy in the November 2, 1999 general issue. The District will issue bonds in 2000 and shall bear interest at a rate of approximately 5.5% per annum and shall mature over a period not to exceed 23 years, to finance the District's portion of the construction costs.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Miller City-New Cleveland Local School District  
Putnam County  
5400 Road C  
PO Box 38  
Miller City, Ohio 45864-0038

To the Board of Education:

We have audited the financial statements of the Miller City-New Cleveland Local School District, Putnam County, (the District) as of and for the years ended June 30, 1999 and June 30, 1998, and have issued our report thereon dated March 7, 2000, in which we disclosed that the District changed its method of accounting for investments. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 7, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting which does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 7, 2000.

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

**Jim Petro**  
Auditor of State

March 7, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MILLER CITY-NEW CLEVELAND LOCAL SCHOOL DISTRICT**

**PUTNAM 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  
MARCH 28, 2000**