



**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Funds Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Similar Fiduciary Funds .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Cash Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Fiduciary Funds .....	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance Proprietary Fund Type and Similar Fiduciary Funds .....	13
Combined Statement of Revenues, Expenses and Changes in Fund Equity Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Similar Fiduciary Funds .....	14
Combined Statement of Cash Flows Proprietary Fund Type and Similar Fiduciary Funds .....	16
Notes to the General Purpose Financial Statements .....	17
Schedule of Receipts and Expenditures of Federal Awards .....	49
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	50
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	51
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	53
Schedule of Findings .....	55

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

North Central Local School District  
Wayne County  
350 South Main Street  
Creston, Ohio 44217

To the Board of Education:

We have audited the accompanying general purpose financial statements of North Central Local School District, Wayne County, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 8 to the general purpose financial statements, the District changed its method of accounting and reporting for certain fixed assets for the year ended June 30, 2000.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

November 9, 2000

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**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS:</b>				
<b>ASSETS:</b>				
Equity in Pooled Cash & Cash Equivalents	\$1,485,772	\$118,447	\$407,304	\$112,710
Receivables:				
Property Tax	1,925,092	0	14,019	76,291
Accounts	7	30	0	0
Interfund	132,370	0	0	0
Intergovernmental	62,659	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Cash	124,036	0	0	0
Fixed Assets	0	0	0	0
Accumulated Depreciation	0	0	0	0
<b>OTHER DEBITS:</b>				
Amount Available in Debt Service Fund for the Retirement of Long Term General Obligation	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$3,729,936</u>	<u>\$118,477</u>	<u>\$421,323</u>	<u>\$189,001</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$108,678	\$1,325	\$0	\$4,222
Accrued Wages and Benefits	529,837	25,929	0	0
Compensated Absences Payable	6,874	80	0	0
Interfund Payable	0	5,000	0	127,370
Intergovernmental Payable	118,202	4,980	0	0
Deferred Revenue	1,825,968	0	11,873	72,532
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>2,589,559</u>	<u>37,314</u>	<u>11,873</u>	<u>204,124</u>
<b>FUND EQUITY AND OTHER CREDITS:</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings - Unreserved	0	0	0	0
Fund Balance Reserved				
Reserved for Encumbrances	66,938	6,596	0	40,902
Reserved for Contributions	0	0	0	0
Reserved for Property Taxes	99,124	0	2,146	3,759
Reserved for Budget Stabilization	86,314	0	0	0
Reserved for Textbooks	37,722	0	0	0
Fund Balance Unreserved				
Unreserved, Undesignated	850,279	74,567	407,304	(59,784)
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<u>1,140,377</u>	<u>81,163</u>	<u>409,450</u>	<u>(15,123)</u>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<u>\$3,729,936</u>	<u>\$118,477</u>	<u>\$421,323</u>	<u>\$189,001</u>

*See accompanying notes to the general purpose financial statements.*



Proprietary Fund Type	Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-term Obligations	
Enterprise				
\$60,725	\$60,834	\$0	\$0	\$2,245,792
0	0	0	0	2,015,402
276	60	0	0	373
0	0	0	0	132,370
10,550	0	0	0	73,209
13,198	0	0	0	13,198
1,539	0	0	0	1,539
0	0	0	0	124,036
64,597	0	6,072,116	0	6,136,713
(44,729)	0	0	0	(44,729)
0	0	0	409,450	409,450
0	0	0	1,109,509	1,109,509
<u>\$106,156</u>	<u>\$60,894</u>	<u>\$6,072,116</u>	<u>\$1,518,959</u>	<u>\$12,216,862</u>
\$726	\$500	\$0	\$0	\$115,451
2,826	0	0	0	558,592
9,856	0	0	534,786	551,596
0	0	0	0	132,370
5,519	6	0	55,946	184,653
10,374	0	0	0	1,920,747
0	870	0	0	870
0	36,121	0	0	36,121
0	0	0	18,227	18,227
0	0	0	910,000	910,000
<u>29,301</u>	<u>37,497</u>	<u>0</u>	<u>1,518,959</u>	<u>4,428,627</u>
0	0	6,072,116	0	6,072,116
76,855	0	0	0	76,855
0	0	0	0	114,436
0	21,092	0	0	21,092
0	0	0	0	105,029
0	0	0	0	86,314
0	0	0	0	37,722
0	2,305	0	0	1,274,671
<u>76,855</u>	<u>23,397</u>	<u>6,072,116</u>	<u>0</u>	<u>7,788,235</u>
<u>\$106,156</u>	<u>\$60,894</u>	<u>\$6,072,116</u>	<u>\$1,518,959</u>	<u>\$12,216,862</u>

NORTH CENTRAL SCHOOL DISTRICT  
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - ALL  
GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types	
	General Fund	Special Revenue
Revenues		
Taxes	\$2,085,317	\$0
Intergovernmental	4,559,563	470,892
Interest	148,800	0
Tuition and Fees	234,289	0
Rent	1,780	0
Extracurricular Activities	0	111,069
Gifts and Donations	11,480	22,002
Miscellaneous	12,613	7,558
Total Revenues	<u>7,053,842</u>	<u>611,521</u>
Expenditures		
Current		
Instruction		
Regular	3,204,617	54,321
Special	565,150	248,966
Vocational	164,048	540
Other	247,540	0
Support Services		
Pupils	238,565	128,333
Instructional Staff	214,268	109,028
Board of Education	11,284	0
Administration	622,082	20,566
Fiscal	175,746	0
Operation & Maintenance of Plant	454,503	3,142
Pupil Transportation	633,434	3,044
Central	34,017	22,593
Extracurricular Activities	140,258	54,627
Capital Outlay	0	0
Debt Service		
Debt Service - Principal	7,383	0
Debt Service - Interest	1,213	0
Total Expenditures	<u>6,714,108</u>	<u>645,160</u>
Excess of Revenues Over (Under) Expenditures	339,734	(33,639)
Other Financing Sources (Uses)		
Operating Transfers In	0	0
Proceeds from Sale of Fixed Assets	100	0
Refund of Prior Year Expenditures	294	0
Other Financing Sources	2,419	0
Operating Transfers Out	(138,274)	0
Total Other Financing Sources (Uses)	<u>(135,461)</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	204,273	(33,639)
Fund Balance, July 1, 1999	936,104	114,802
Fund Balance, June 30, 2000	<u>\$1,140,377</u>	<u>\$81,163</u>

See accompanying notes to the general purpose financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$125,176	\$87,818	\$0	\$2,298,311
16,025	392,956	0	5,439,436
0	0	74	148,874
0	0	0	234,289
0	0	0	1,780
0	0	0	111,069
0	0	0	33,482
0	0	0	20,171
<u>141,201</u>	<u>480,774</u>	<u>74</u>	<u>8,287,412</u>
0	26,872	0	3,285,810
0	0	0	814,116
0	0	0	164,588
0	0	0	247,540
0	0	100	366,998
0	0	0	323,296
0	0	0	11,284
0	0	0	642,648
2,676	1,589	0	180,011
0	0	0	457,645
0	0	0	636,478
0	0	0	56,610
0	0	0	194,885
0	595,600	0	595,600
246,000	4,351	0	257,734
61,897	1,189	0	64,299
<u>310,573</u>	<u>629,601</u>	<u>100</u>	<u>8,299,542</u>
(169,372)	(148,827)	(26)	(12,130)
137,885	0	0	137,885
0	0	0	100
0	0	0	294
0	0	0	2,419
0	0	0	(138,274)
<u>137,885</u>	<u>0</u>	<u>0</u>	<u>2,424</u>
(31,487)	(148,827)	(26)	(9,706)
440,937	133,704	1,614	1,627,161
<u>\$409,450</u>	<u>(\$15,123)</u>	<u>\$1,588</u>	<u>\$1,617,455</u>

NORTH CENTRAL SCHOOL DISTRICT  
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND CASH BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$1,908,963	\$2,053,065	\$144,102
Intergovernmental	4,239,061	4,559,056	319,995
Interest	138,356	148,800	10,444
Tuition and Fees	178,320	191,781	13,461
Rent	1,655	1,780	125
Extracurricular Activities	0	0	0
Gifts and Donations	10,674	11,480	806
Miscellaneous	11,721	12,606	885
Total Revenues	<u>6,488,750</u>	<u>6,978,568</u>	<u>489,818</u>
Expenditures			
Current			
Instruction			
Regular	3,317,760	3,183,943	133,817
Special	649,780	564,673	85,107
Vocational	194,900	167,017	27,883
Other	248,200	246,091	2,109
Support Services			
Pupils	285,295	238,073	47,222
Instructional Staff	232,310	212,322	19,988
Board of Education	19,610	11,286	8,324
School Administration	734,156	641,535	92,621
Fiscal	185,730	174,268	11,462
Operation & Maintenance of Plant	896,041	498,501	397,540
Pupil Transportation	699,375	641,821	57,554
Central	75,500	46,963	28,537
Extracurricular Activities	151,009	140,308	10,701
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>7,689,666</u>	<u>6,766,801</u>	<u>922,865</u>
Excess of Revenues Over (Under) Expenditures	(1,200,916)	211,767	1,412,683
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	0	100	100
Refund of Prior Year Expenditures	0	294	294
Advances In	1,829	1,967	138
Other Financing Sources	421	453	32
Operating Transfers Out	(140,000)	(138,274)	1,726
Refund of Prior Year Receipts	(8,000)	0	8,000
Advances Out	(132,370)	(132,370)	0
Total Other Financing Sources (Uses)	<u>(278,120)</u>	<u>(267,830)</u>	<u>10,290</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,479,036)	(56,063)	1,422,973
Fund Balance, July 1, 1999	1,310,753	1,310,753	0
Prior Year Encumbrances Appropriated	170,661	170,661	0
Fund Balance, June 30, 2000	<u>\$2,378</u>	<u>\$1,425,351</u>	<u>\$1,422,973</u>

*See accompanying notes to the general purpose financial statements.*

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$238,300	\$130,915	(\$107,385)
678,900	470,892	(208,008)	16,025	16,025	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
160,132	111,069	(49,063)	0	0	0
31,722	22,002	(9,720)	0	0	0
10,853	7,528	(3,325)	0	0	0
881,607	611,491	(270,116)	254,325	146,940	(107,385)
68,644	54,214	14,430	0	0	0
288,606	251,565	37,041	0	0	0
600	540	60	0	0	0
0	0	0	0	0	0
169,170	132,339	36,831	0	0	0
88,931	108,558	(19,627)	0	0	0
0	0	0	0	0	0
32,745	21,058	11,687	0	0	0
0	0	0	5,700	2,676	3,024
2,260	2,516	(256)	0	0	0
650	3,042	(2,392)	0	0	0
22,155	22,594	(439)	0	0	0
54,410	55,896	(1,486)	0	0	0
0	0	0	0	0	0
0	0	0	246,000	246,000	0
0	0	0	63,300	61,897	1,403
728,171	652,322	75,849	315,000	310,573	4,427
153,436	(40,831)	(194,267)	(60,675)	(163,633)	(102,958)
0	0	0	127,537	137,885	10,348
0	0	0	0	0	0
0	0	0	0	0	0
0	5,000	5,000	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(1,000)	0	1,000
0	0	0	0	0	0
0	5,000	5,000	126,537	137,885	11,348
153,436	(35,831)	(189,267)	65,862	(25,748)	(91,610)
112,913	112,913	0	433,053	433,053	0
33,365	33,365	0	0	0	0
\$299,714	\$110,447	(\$189,267)	\$498,915	\$407,305	(\$91,610)

NORTH CENTRAL SCHOOL DISTRICT  
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND CASH BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$87,900	\$86,797	(\$1,103)
Intergovernmental	505,200	392,956	(112,244)
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>593,100</u>	<u>479,753</u>	<u>(113,347)</u>
Expenditures			
Current			
Instruction			
Regular	36,151	26,879	9,272
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
School Administration	0	0	0
Fiscal	1,600	1,589	11
Operation & Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	695,281	640,068	55,213
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>733,032</u>	<u>668,536</u>	<u>64,496</u>
Excess of Revenues Over (Under) Expenditures	(139,932)	(188,783)	(48,851)
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Advances In	0	127,370	127,370
Other Financing Sources	0	0	0
Operating Transfers Out	0	0	0
Refund of Prior Year Receipts	0	0	0
Advances Out	0	(1,967)	(1,967)
Total Other Financing Sources (Uses)	<u>0</u>	<u>125,403</u>	<u>125,403</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(139,932)	(63,380)	76,552
Fund Balance, July 1, 1999	104,980	104,980	0
Prior Year Encumbrances Appropriated	27,954	27,954	0
Fund Balance, June 30, 2000	<u>(\$6,998)</u>	<u>\$69,554</u>	<u>\$76,552</u>

*See accompanying notes to the general purpose financial statements.*

Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,235,163	\$2,270,777	\$35,614
0	0	0	5,439,186	5,438,929	(257)
100	74	(26)	138,456	148,874	10,418
0	0	0	178,320	191,781	13,461
0	0	0	1,655	1,780	125
0	0	0	160,132	111,069	(49,063)
0	0	0	42,396	33,482	(8,914)
0	0	0	22,574	20,134	(2,440)
100	74	(26)	8,217,882	8,216,826	(1,056)
0	0	0	3,422,555	3,265,036	157,519
0	0	0	938,386	816,238	122,148
0	0	0	195,500	167,557	27,943
0	0	0	248,200	246,091	2,109
100	100	0	454,565	370,512	84,053
0	0	0	321,241	320,880	361
0	0	0	19,610	11,286	8,324
0	0	0	766,901	662,593	104,308
0	0	0	193,030	178,533	14,497
0	0	0	898,301	501,017	397,284
0	0	0	700,025	644,863	55,162
0	0	0	97,655	69,557	28,098
0	0	0	205,419	196,204	9,215
0	0	0	695,281	640,068	55,213
0	0	0	246,000	246,000	0
0	0	0	63,300	61,897	1,403
100	100	0	9,465,969	8,398,332	1,067,637
0	(26)	(26)	(1,248,087)	(181,506)	1,066,581
0	0	0	127,537	137,885	10,348
0	0	0	0	100	100
0	0	0	0	294	294
0	0	0	1,829	134,337	132,508
0	0	0	421	453	32
0	0	0	(140,000)	(138,274)	1,726
0	0	0	(9,000)	0	9,000
0	0	0	(132,370)	(134,337)	(1,967)
0	0	0	(151,583)	458	152,041
0	(26)	(26)	(1,399,670)	(181,048)	1,218,622
1,614	1,614	0	1,963,313	1,963,313	0
0	0	0	231,980	231,980	0
\$1,614	\$1,588	(\$26)	\$795,623	\$2,014,245	\$1,218,622

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NORTH CENTRAL SCHOOL DISTRICT  
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Funds	Non-Expendable Trust Funds	(Memorandum Only)
<b>OPERATING REVENUES</b>			
Sales	\$227,630	\$0	\$227,630
Interest	0	1,363	1,363
Classroom Materials and Fees	44,029	0	44,029
Contributions and Donations	0	10,637	10,637
<b>Total Operating Revenues</b>	<b>271,659</b>	<b>12,000</b>	<b>283,659</b>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	120,206	0	120,206
Fringe Benefits	53,872	0	53,872
Purchased Services	6,442	0	6,442
Materials and Supplies	49,610	0	49,610
Cost of Sales	158,547	0	158,547
Depreciation	1,888	0	1,888
Other	563	26,001	26,564
<b>Total Operating Expenses</b>	<b>391,128</b>	<b>26,001</b>	<b>417,129</b>
<b>Operating (Loss)</b>	<b>(119,469)</b>	<b>(14,001)</b>	<b>(133,470)</b>
<b>Non-Operating Revenues</b>			
Donated Commodities	33,143	0	33,143
Intergovernmental	79,459	0	79,459
Interest	822	0	822
<b>Total Non-Operating Revenue</b>	<b>113,424</b>	<b>0</b>	<b>113,424</b>
<b>Net (Loss)</b>	<b>(6,045)</b>	<b>(14,001)</b>	<b>(20,046)</b>
Retained Earnings/Fund Balance, July 1, 1999	82,900	35,810	118,710
Retained Earnings/Fund Balance, June 30, 2000	<u>\$76,855</u>	<u>\$21,809</u>	<u>\$98,664</u>

*See accompanying notes to the general purpose financial statements.*

NORTH CENTRAL SCHOOL DISTRICT  
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
BUDGET (NON-GAAP BASIS) AND ACTUAL PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Sales	\$220,384	\$227,630	\$7,246
Interest	0	0	0
Classroom Materials and Fees	40,000	44,069	4,069
Contributions and Donations	0	0	0
Total Revenues	260,384	271,699	11,315
OPERATING EXPENSES			
Salaries and Wages	110,000	117,164	(7,164)
Fringe Benefits	54,210	55,346	(1,136)
Purchased Services	13,994	6,457	7,537
Materials and Supplies	217,549	174,837	42,712
Other	0	562	(562)
Capital Outlay	2,000	0	2,000
Total Expenses	397,753	354,366	43,387
Operating Income (Loss)	(137,369)	(82,667)	54,702
Non-Operating Revenues			
Interest	796	822	26
Federal and State Subsidies	78,820	81,412	2,592
Total Non-Operating Revenues	79,616	82,234	2,618
Excess of Revenues (Under) Expenses	(57,753)	(433)	57,320
Fund Equity, July 1, 1999	58,690	58,690	0
Prior Year Encumbrances Appropriated	1,553	1,553	0
Fund Equity, June 30, 2000	<u>\$2,490</u>	<u>\$59,810</u>	<u>\$57,320</u>

*See accompanying notes to the general purpose financial statements.*

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$220,384	\$227,630	\$7,246
2,275	1,363	(912)	2,275	1,363	(912)
0	0	0	40,000	44,069	4,069
17,760	10,637	(7,123)	17,760	10,637	(7,123)
20,035	12,000	(8,035)	280,419	283,699	3,280
0	0	0	110,000	117,164	(7,164)
0	0	0	54,210	55,346	(1,136)
0	0	0	13,994	6,457	7,537
0	0	0	217,549	174,837	42,712
27,400	26,001	1,399	27,400	26,563	837
0	0	0	2,000	0	2,000
27,400	26,001	1,399	425,153	380,367	44,786
(7,365)	(14,001)	(6,636)	(144,734)	(96,668)	48,066
0	0	0	796	822	26
0	0	0	78,820	81,412	2,592
0	0	0	79,616	82,234	2,618
(7,365)	(14,001)	(6,636)	(65,118)	(14,434)	50,684
35,810	35,810	0	94,500	94,500	0
0	0	0	1,553	1,553	0
<u>\$28,445</u>	<u>\$21,809</u>	<u>(\$6,636)</u>	<u>\$30,935</u>	<u>\$81,619</u>	<u>\$50,684</u>

NORTH CENTRAL SCHOOL DISTRICT  
WAYNE COUNTY

COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise	Non Expendable Trust	Totals (Memorandum Only)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from Customers	\$271,699	\$12,000	\$283,699
Cash Payments for Goods and Services	(180,196)	0	(180,196)
Cash Payments to Employees for Services	(117,164)	0	(117,164)
Cash Payments for Employee Benefits	(55,346)	0	(55,346)
Other Cash Payments	(562)	(26,001)	(26,563)
Net Cash Used for Operating Activities	(81,569)	(14,001)	(95,570)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Grants	81,412	0	81,412
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	822	0	822
Net Increase (Decrease) In Cash and Cash Equivalents	665	(14,001)	(13,336)
Cash and Cash Equivalents as of July 1, 1999	60,060	35,810	95,870
Cash and Cash Equivalents as of June 30, 2000	\$60,725	\$21,809	\$82,534
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES</b>			
Operating (Loss)	(\$119,469)	(\$14,001)	(\$133,470)
Adjustments:			
Depreciation Expense	1,888	0	1,888
Donated Commodities Used During Year	33,143	0	33,143
(Increase) Decrease in Assets:			
Accounts Receivable	40	0	40
Inventory for Resale	399	0	399
Materials and Supplies Inventory	(94)	0	(94)
Increase (Decrease) in Liabilities			
Accounts Payable	670	0	670
Accrued Wages and Benefits	92	0	92
Compensated Absences Payable	3,042	0	3,042
Intergovernmental Payables	(1,566)	0	(1,566)
Deferred Revenue	286	0	286
Net Cash Used For Operating Activities	(\$81,569)	(\$14,001)	(\$95,570)
Reconciliation to Combined Balance Sheet:			
Cash and Cash Equivalents - June 30, 2000			
Trust and Agency Funds			
Non-Expendable Trust	\$21,809		
Agency	37,437		
Expendable Trust	1,588		
Total	\$60,834		

*See accompanying notes to the general purpose financial statements.*

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

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

The North Central Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under an elected Board of Education (5 members) and is responsible for providing public education to residents of the District as authorized by state statute and/or federal guidelines.

Average daily membership (ADM) as of October 1, 1999 was 1,421. The District employed 87 certificated employees and 55 non-certificated employees at that date.

**Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

**Villages Located in the District**

The Villages within the District are separate body politics and corporates. A mayor and council are elected independent of any District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these services.

**Townships Located in the District**

The Townships within the District are separate body politics and corporates. The trustees are elected independent of any District relationships and administer the provision of traditional township services. Trustees act as the taxing and budgeting authority for these services.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY  
(Continued)**

**Reporting Entity** (Continued)

Parent Teacher Organizations and/or Booster Clubs

The District is not involved in the budgeting or management, is not responsible for any debt, and has no influence over these organizations.

Joint Venture

The District participates in a joint venture to operate the Midland Council of Governments (COG), a regional council of governments established to provide efficient and cost effective computer and data processing services to each member. Other participants in the Midland COG include school districts in Ashland, Holmes, and Wayne Counties, and the Wadsworth City School District.

The Midland COG was established in July of 1993 and is governed by a seven-member Executive Committee, appointed by the COG. The Tri-County Educational Service Center serves as fiscal agent for the COG and is responsible for all financial reporting for the COG.

The Midland COG is funded by member fees and state grants. The Executive Committee determines and sets the member fees for all services of the COG. Fees are billed to member districts annually around July 1st. The District paid \$21,701 in fees for 1998-99 and \$19,905 in fees for 1999-00. The District has no equity interest in the COG.

Upon dissolution of the COG, any unclaimed assets remaining on the COG books shall be distributed as follows:

1. All tangible personal property previously loaned or given to the Midland COG that is clearly identified as to ownership shall be returned to the owner member.
2. All remaining tangible personal property shall be sold at public sale in accordance with the ORC 307.12 by sealed bid. The cash proceeds and all remaining assets and other intangibles, including moneys, shall be distributed to the member districts in proportion to the ADM of the district.

Upon withdrawal from the COG, a member shall be released from all obligations and liabilities of the Midland COG except those for which it was a contracting party or for pending claims. The withdrawing member district shall receive any tangible personal property it individually owns and which is housed remotely. Any and all other moneys, grants, and property housed at the data center shall remain that of the Midland COG.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY  
(Continued)**

**Reporting Entity** (Continued)

Joint Venture (Continued)

Upon termination/suspension from the COG, a member shall return all equipment or assets owned by the Executive Committee and will be responsible for any loss in state funding to the Midland COG as a result of the termination.

Complete financial statements for the Midland COG can be obtained from the Tri-County Education Service Center, 2534 Burbank Road, Wooster, Ohio 44691.

Jointly Governed Organizations

Wayne County Career Center

The Wayne County Career Center is a separate body politic and corporate, established by the Ohio Revised Code. The Board of Education is comprised of representatives from the Board of each participating school district independent of the North Central Local School District. The Board is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. Students from the North Central School District may attend the Career Center.

Wayne County Schools Council

The District, in conjunction with four other Wayne County school districts, has created the Wayne County Schools Council (Council) for the purpose of providing a Health Care Benefits program. Other school districts participating in the Council are Dalton Local, Green Local, Northwestern Local, and Southeast Local.

The Board of Directors is comprised of one representative from each participating school district. Northwestern Local School District serves as fiscal agent for the Council.

Through the Wayne County Schools Council, the District offers its employees a health care program through Medical Mutual of Ohio (MMO). Insurance rates are set by MMO, and payment is made to MMO, through the Council's fiscal agent.

Administrative costs are determined annually by the Board of Directors. As a result of its participation in the Wayne County Schools Council, the District spent \$1,950 in 1999-00 for administrative and consultant fees.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

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

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

The District uses funds and account groups to report 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.

Separate funds are established to segregate money and other resources whose use is limited to a particular purpose either by state statute or by the resource provider. This separation facilitates the demonstration of compliance with these external restrictions and satisfies external reporting requirements. Separate funds are also used to split government activities which are similar to those of profit oriented organizations from those for which no correlation exists between the amount of revenues received and the services provided.

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

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

*Governmental Fund Types*

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities, except those accounted for in proprietary and non-expendable trust funds, are accounted for through Governmental Fund Types.



**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

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

The Governmental Fund category includes the following:

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

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

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

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

Proprietary Fund Type

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the District's business and quasi-business activities, where net income and capital maintenance are measured are accounted for through proprietary funds.

The following is the District's Proprietary Fund type:

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that 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 the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds.

The Fiduciary Fund types are as follows:

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

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

Expendable Trust Funds - Expendable Trust Funds account for resources, including both principal and earnings, which must be expended according to the provisions of a trust agreement. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds.

Non-Expendable Trust Funds - Non-Expendable Trust Funds account for trust principal, which may not be expended. Only interest earned on the principal may be used for trust operations. Non-Expendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

Agency Funds - Agency Funds are purely 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 (GFAAG) - This account group is established to account for all fixed assets of the District, except those accounted for in the Proprietary or Non-Expendable Trust Funds.

General Long-Term Obligation Account Group (GLTOAG) - This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary or Non-Expendable Trust 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 and Expendable Trust Funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary and Non-Expendable Trust 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 disclosed as retained earnings. The Proprietary Fund Type and Non-Expendable Trust Funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**B. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

The District reports deferred revenue on its combined balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. In the proprietary fund type, unused donated commodities are reported 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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges are recognized as revenue at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**C. Budgetary Data**

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 Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Any budgetary modifications at the legal level of control may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

*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 Wayne County Budget Commission for rate determination.

*Estimated Resources*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**C. Budgetary Data (Continued)**

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 stating no new certificate is necessary, the annual Appropriations Resolution must be legally enacted by the Board of Education at the fund, function, and object level for the General Fund and the fund level for all other funds, 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 District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. The total of expenditures and encumbrances may not exceed 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 does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations and appropriation modifications. Formal budgetary integration is employed as a management control device during the year for all 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 year end are reported as a reservation of fund balance for subsequent-year expenditures for Governmental Funds and the Expendable Trust Funds and in the notes to the financial statements for Proprietary Funds and the Non-Expendable Trust Funds.

Lapsing of Appropriations

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**D. Cash and Investments**

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

During fiscal year 2000, investments were limited to STAR Ohio.

Nonparticipating investment contracts, including nonnegotiable certificates of deposit, are reported at cost. Investments in STAR Ohio are reported at fair value which is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$148,800, which includes \$45,556 assigned from other District funds.

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

**E. 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 are recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund type when used. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable 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.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**F. 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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars.

The 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 and depreciated over the remaining useful life of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of 5-20 years.

**G. Intergovernmental Revenues**

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

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

Entitlements

General Fund

State Foundation Program  
State Homestead & Rollback  
State Personal Property \$10,000 Exemption  
School Bus Purchase  
Equity Funds

Permanent Improvement Fund

State Homestead & Rollback  
State Personal Property \$10,000 Exemption

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**G. Intergovernmental Revenues (Continued)**

Bond Retirement Fund

State Homestead & Rollback

State Personal Property \$10,000 Exemption

Non-Reimbursable Grants

Permanent Improvement Fund

Emergency Building Repair

Special Revenue Funds

Teacher Development

Education Management Information System (EMIS)

OhioReads

Public School Preschool

Safe and Drug Free Schools

SchoolNet Plus

SchoolNet Professional Development

Technical Equity

Textbook Instructional Material

Title VI-B

Title VI-R

Title I

Title VI

Reimbursable Grants

General Fund

Driver Education Reimbursement

Special Education Tutor Reimbursement

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements totaled approximately sixty six percent (66%) of the District's operating revenues during the 2000 fiscal year.



**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**H. Short-term Interfund Assets/Liabilities**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables."

**I. 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 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 termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's severance policy.

The District records a liability for accumulated unused vacation time for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for eligible employees in the period the employee becomes eligible to receive payment. The current portion of unpaid compensated absences is the amount expected to be paid using expendable, available financial 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, compensated absences are expensed when earned. The entire amount of compensated absences is reported as a fund liability.

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

In general, Governmental Fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. 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.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**K. Interfund Transactions**

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

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. The difference between reported operating transfers-out over transfers-in is \$389, which represents the amount transferred from the General Fund to an Agency Fund.

**L. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a budget stabilization reserve and textbooks. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During fiscal year 2000, the District maintained the reserve as required by State statute.

**M. Fund Balance Reserves**

The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures. Undesignated fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves are established for budget stabilization, encumbrances, contributions, property taxes, and textbooks. Under Ohio law, the reserve for budget stabilization must be established for certain revenues but is not expendable without permission from the Ohio Department of Education. The following table reflects changes in the reserves during the year.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance 7/1/99	\$4,044	\$0	\$86,314	\$90,358
Required Set-Aside	147,250	147,250	0	294,500
Offset Credits	0	(96,883)	0	(96,883)
Qualifying Expenditures	<u>(113,572)</u>	<u>(50,367)</u>	<u>0</u>	<u>(163,939)</u>
Balance 6/30/00	<u>\$ 37,722</u>	<u>\$ 0</u>	<u>\$86,314</u>	<u>\$ 124,036</u>

Expenditures for capital activity during the year were \$118,646, which exceeded the required set-asides and the reserve balance.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

**M. Fund Balance Reserves (Continued)**

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, the District elected not to carry these amounts forward to future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**N. Estimates**

The preparation of the 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.

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

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

**NOTE 3 – ACCOUNTABILITY**

**Deficit Fund Balances**

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

<u>Special Revenue Funds</u>	<u>Deficit Balances</u>
Public School Preschool	\$ 11,600
Ohio Reads Grant	4,080
Title VI-R	107
<u>Capital Projects Funds</u>	
Building Repair Grant	129,337

These funds complied with Ohio State Law which does not allow a cash deficit at year end.

The deficit fund balances in the Public School Preschool and Title VI-R Special Revenue Funds are a result of accruing wage obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues not recognized at June 30.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 3 – ACCOUNTABILITY (Continued)**

**Deficit Fund Balances (Continued)**

The deficit fund balances in the Ohio Reads Grant Special Revenue Fund and Building Repair Grant Capital Projects Fund are a result of the application of GAAP, namely in the recognition of interfund loans as a fund liability. These deficits will be eliminated as intergovernmental revenues are collected to repay these interfund loans.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Similar Fiduciary Funds 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 as follows:

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 for proprietary fund types (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).

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

*Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types and Similar Fiduciary Funds*

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expandable Trust</u>
GAAP Basis	\$204,273	(\$33,639)	(\$31,487)	(\$148,827)	(\$26)
Revenue Adjustment	(75,274)	(30)	5,739	(1,021)	0
Expenditure Adjustment	(2,572)	(5,839)	0	131,592	0
Adjustments for Encumbrances	<u>(182,490)</u>	<u>(8,001)</u>	<u>0</u>	<u>(45,124)</u>	<u>0</u>
Budget Basis	<u>(\$56,063)</u>	<u>(\$35,831)</u>	<u>(\$25,748)</u>	<u>(\$63,380)</u>	<u>(\$26)</u>

*Net (Loss)/Excess of Revenues (Under) Expenses  
Proprietary Fund Types and Similar Fiduciary Funds*

	<u>Enterprise</u>	Non-Expendable <u>Trust</u>
GAAP Basis	(\$6,045)	(\$14,001)
Revenue Adjustment	(31,150)	0
Depreciation Expense	1,888	0
Expenditure Adjustment	35,972	0
Encumbrances	<u>(1,098)</u>	<u>0</u>
Budget Basis	<u>(\$433)</u>	<u>(\$14,001)</u>

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 5 - CASH AND CASH EQUIVALENTS**

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

Active deposits are public deposits necessary to meet current demands on the Treasury. Such monies must be maintained either as cash in the District treasury, in depository 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 public 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. Interim monies may be invested in the following obligations. In general, investments must mature or be redeemable within two years from the date of purchase.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligations or security issued by the United States, or any other obligations guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or 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 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) of this section and repurchase agreements secured by such obligations, provided that investment in securities described in this division are made only through eligible institutions; and,

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)**

6. The State Treasurer's Investment Pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectations 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and investments by categories as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Repurchase Agreements":

Deposits

At year end, the carrying amount of the District's deposits was \$81,527 and the bank balance was \$192,605. Of the bank balance:

1. \$115,075 was covered by federal depository insurance; and
2. \$77,530 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)**

	<u>Carrying Value</u>	<u>Fair Value</u>
STAR Ohio	\$2,288,301	\$2,288,301

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9.

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

	<u>Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$2,369,828	\$0
Investments of the Cash Management Pool:		
State Treasurer's Investment Pool	<u>(2,288,301)</u>	<u>2,288,301</u>
GASB Statement No. 3	<u>\$81,527</u>	<u>\$2,288,301</u>

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages at true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.



**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

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 earlier or later payment dates to be established.

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

The District receives property taxes from Wayne and Medina Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second half real property tax payments collected by June 30, 2000 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The full tax rate applied to real property for the tax year 1999 was \$34.80 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$27.31 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$27.41 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the tax year 2000 was \$34.80 per \$1,000 of assessed valuation.

The respective County Treasurers collect property tax on behalf of all taxing districts in their respective counties. The County Auditors periodically remit to the District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue.

Amount Available to the District as an Advance at June 30, 2000

General Fund	\$ 99,124
Bond Retirement Fund	2,146
Permanent Improvement Fund	<u>3,759</u>
Total Available	<u>\$105,029</u>

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 7 - RECEIVABLES**

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

A summary of the intergovernmental receivables follows:

General Fund	
Driver Education (State)	\$ 1,300
Transportation	1,934
Tuition and Fees	<u>59,425</u>
Total General Fund	62,659
Proprietary Fund	
Federal & State Food Service Aid	<u>10,550</u>
Grand Total	<u>\$73,209</u>

**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$64,597
Less Accumulated Depreciation	<u>(44,729)</u>
Net Fixed Assets	<u>\$19,868</u>

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

	Balance <u>6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/00</u>
Land and Improvements	\$86,581	\$0	\$0	\$86,581
Buildings	4,001,147	0	0	4,001,147
Furniture & Equipment	1,162,506	72,607	18,349	1,216,764
Vehicles	<u>733,026</u>	<u>98,552</u>	<u>63,954</u>	<u>767,624</u>
Total	<u>\$5,983,260</u>	<u>\$171,159</u>	<u>\$82,303</u>	<u>\$6,072,116</u>

During fiscal year 2000, the District elected to change its method of accounting and reporting for certain fixed assets. Accordingly, the District will no longer capitalize the value of its textbooks and library books. As a result, the balance in the general fixed asset account group at June 30, 1999 was decreased by \$1,352,181 to \$5,983,260.

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. The District maintains comprehensive insurance coverage with private carriers to minimize its risk exposure.

Property and Vehicle Insurance

The District has a comprehensive property insurance policy with Nationwide Insurance Company and a comprehensive vehicle insurance policy with Personal Services Insurance Company. The property insurance policy has deductibles of \$250 and \$1,000, based on type of loss, and the vehicle insurance policy has various deductibles based on type of loss.

Liability Insurance

All District employees, including Board Members, are provided with liability insurance underwritten by the Nationwide Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in the aggregate. The District purchases an additional \$25,000 defense coverage for legal fees and defense costs against charges of deliberately and intentionally causing an employee harm through their work assignment and an additional \$300,000 in employee benefits liability coverage to provide protection for errors made in the administration of the fringe benefit program.

Employee Bonds

The District provides a \$25,000 surety bond through The Hamilton Mutual Insurance Company for the Board President, Superintendent, and Treasurer and a public employees dishonesty bond through The Hamilton Mutual Insurance Company for other employees who handle money.

Workers Compensation Insurance

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

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

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

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

Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through the Great American Reserve Insurance Company.

Dental Insurance

The District provides dental insurance to most employees through the CoreSource Company.

Medical Insurance

The District has elected to provide employees with comprehensive medical, surgical, and drug benefits through the minimum premium-insurance from Medical Mutual of Ohio program.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

The District provides retirement benefits to all certificated employees under the State Teachers' Retirement System and to all noncertified employees under the School Employees Retirement System.

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. 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 District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The adequacy of the contribution rates is determined annually. In addition to the salary contributions, the District pays an additional 14% contribution on salaries of employees who are paid below a level established annually by SERS actuaries. This additional contribution is referred to as the "employer surcharge."

The District's required contributions for pension obligations, including the employer surcharge, to SERS for fiscal years ended June 30, 2000, 1999, and 1998 were \$143,109, \$135,537, and \$133,057, respectively. Forty-three percent has been contributed for fiscal year 2000 and 100 percent for fiscal year 1999 and 1998. \$81,585, representing the unpaid contribution and surcharge for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)**

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$494,736, \$482,915, and \$470,575, respectively. Eighty three percent (83%) has been contributed for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$82,456, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**NOTE 11 - POST-EMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$282,000 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999 (the latest information available), the balance in the Fund was \$2.783 million. For the fiscal year ended June 30, 1999, eligible benefit recipients totaled 95,796 and net health care costs paid by STRS were \$249,929,000.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 11 - POST-EMPLOYMENT BENEFITS (Continued)**

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$52,299.

The surcharge, added to the unallocated portion of the 14 percent employer contribution provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. The number of participants currently receiving health care benefits is approximately 56,632.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from Board policy and negotiated agreements.

Eligible classified employees and administrators earn from seven to twenty days of vacation per year, depending upon length of service in the District. Accumulated, unused vacation time is paid to these employees upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated up to maximums established by Board policy and negotiated agreements. Upon retirement of teachers or classified employees, payment is made for twenty-five per cent (25%) of the total accumulated, unused sick leave up to a maximum of 66 days. Upon retirement of administrators, payment is made for thirty per cent (30%) of the total accumulated, unused sick leave up to a maximum of 66 days.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

The District has entered into capitalized leases for the acquisition of copiers and musical instruments. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General Fixed Assets acquired by lease totaled \$61,155 and have been capitalized in the general fixed asset account group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group. Accumulated amortization on those assets totaled \$40,258. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

<u>Fiscal Year Ending Ending June 30</u>	<u>Musical Instruments</u>	<u>Copiers</u>	<u>Total</u>
2001	\$5,540	\$8,595	\$14,135
2002	<u>0</u>	<u>6,087</u>	<u>6,087</u>
Total Minimum Lease Payments	5,540	14,682	20,222
Less: Amount Representing Interest	<u>(1,189)</u>	<u>(806)</u>	<u>(1,995)</u>
Present Value of Minimum Lease Payments	<u>\$4,351</u>	<u>\$13,876</u>	<u>\$18,227</u>

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Reductions	Principal Outstanding 6/30/00
<b>General Obligation Bonds:</b>				
School Facilities 1987 6-1/8%	\$560,000	\$0	\$140,000	\$420,000
Energy Conservation 1996 - 5.7%	545,000	0	55,000	490,000
School Bus Acquisition 1997 - 5.25%	51,000	0	51,000	0
<b>Total General Obligation Bonds</b>	<b>1,156,000</b>	<b>0</b>	<b>246,000</b>	<b>910,000</b>
<b>Capital Leases:</b>				
Musical Instruments	8,702	0	4,351	4,351
Copiers	21,259	0	7,383	13,876
<b>Total Capital Leases</b>	<b>29,961</b>	<b>0</b>	<b>11,734</b>	<b>18,227</b>
<b>Other Liabilities</b>				
SERS Pension & Surcharge	74,629	55,946	74,629	55,946
Compensated Absences	455,429	79,588	231	534,786
<b>Total Long-Term Obligations</b>	<b>\$1,716,019</b>	<b>\$135,534</b>	<b>\$332,594</b>	<b>\$1,518,959</b>

School Facilities General Obligation Bonds - On March 1, 1987, the District issued \$2,100,000 in voted general obligation bonds for the purpose of an addition and improvement to the elementary and middle school buildings. The bonds were issued for a fifteen year period with final maturity at December 1, 2002. The bonds will be retired from the debt service fund.

Energy Conservation General Obligation Bonds - On August 1, 1996, the District issued \$645,000 in unvoted general obligation bonds for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The bonds were issued for a ten year period with final maturity at December 1, 2006. The bonds will be retired from the debt service fund.

School Bus Acquisition General Obligation Bonds - On June 1, 1997, the District issued \$145,000 in unvoted general obligation bonds for the purpose of purchasing three school buses, under the authority of Ohio Revised Code sections 133.15(A) and 3327.08. The bonds were issued for a three year period with final maturity at April 15, 2000.

Capital leases will be paid from the General Fund and Permanent Improvement Fund. Compensated absences and the SERS pension obligation and surcharge will be paid from the fund from which the employees' salaries are paid.



**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 14 - LONG-TERM OBLIGATIONS (Continued)**

The District's voted legal debt margin was \$8,949,755, with an unvoted debt margin of \$99,442 at June 30, 2000.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000 are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$200,000	\$47,368	\$247,368
2002	200,000	35,373	235,373
2003	205,000	23,268	228,268
2004	70,000	15,200	85,200
2005	75,000	11,140	86,140
2006	80,000	6,800	86,800
2007	80,000	2,280	82,280
Total	<u>\$910,000</u>	<u>\$141,429</u>	<u>\$1,051,429</u>

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

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

The District maintains two Enterprise Funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds of the District for the fiscal year ended June 30, 2000:

	Food Service	Uniform School Supplies	Total
Operating Revenues	\$ 227,630	\$ 44,029	\$ 271,659
Operating Expenses Before Depreciation	339,536	49,704	389,240
Depreciation	1,888	0	1,888
Operating (Loss)	(113,598)	(5,871)	(119,469)
Donated Commodities	33,143	0	33,143
Operating Grants	79,459	0	79,459
Net (Loss)	(174)	(5,871)	(6,045)
Net Working Capital	30,024	47,193	77,217
Total Assets	58,523	47,633	106,156
Total Equity	29,662	47,193	76,855
Reserve for Encumbrances	300	798	1,098

**NOTE 16 - CONTINGENCIES**

Grants

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

Litigation

The District is not currently a party to any legal proceedings.

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000**

(Continued)

**NOTE 17 – 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 State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's school foundation program, which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$4,244,970 of school foundation support for its general fund.

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

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

As of the date of these financial statements, the 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.

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**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

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

Federal Grantor/ Passed Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Education</u></b>						
(Passed through the State Department of Education)						
Title I Grants to Local Educational Agencies	84.010	C1-S1-99 C1-S1-99C C1-S1-00	\$0 0 146,960	\$0 0 0	\$6,693 9,172 130,863	\$0 0 0
Total Title I Grants to Local Educational Agencies			146,960	0	146,728	0
Special Education Grants to States	84.027	6B-SF-00P	77,920	0	87,628	0
Innovative Education Program Strategies	84.298	C2-S1-99C C2-S1-00	905 6,740	0 0	905 6,595	0 0
Total Innovative Education Program Strategies			7,645	0	7,500	0
Class Size Reduction	84.340	CR-S1-00	19,880	0	19,880	0
Total U.S. Department of Education			252,405	0	261,736	0
<b><u>U.S. Department of Agriculture</u></b>						
(Passed through the State Department of Education)						
Child Nutrition Cluster: Food Distribution Program	10.550	N/A	0	32,353	0	33,143
National School Lunch Program	10.555	03-PU-00 State FY99 03-PU-00 State FY00 04-PU-00 State FY99 04-PU-00 State FY00	7,814 18,771 14,381 36,879		7,814 18,771 14,381 36,879	
Total National School Lunch Program			77,845	0	77,845	0
Total U.S. Department of Agriculture (Child Nutrition Cluster)			77,845	32,353	77,845	33,143
<b>Total</b>			<b>\$330,250</b>	<b>\$32,353</b>	<b>\$339,581</b>	<b>\$33,143</b>

*The notes to the Schedule of Receipts and Expenditures of Federal Awards is an integral part of this statement.*

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000 the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

North Central Local School District  
Wayne County  
350 South Main Street  
Creston, Ohio 44217

To the Board of Education:

We have audited the general purpose financial statements of North Central Local School District, Wayne County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 9, 2000, in which we noted the District changed its method of accounting and reporting for certain fixed assets. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 9, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 9, 2000.

North Central Local School District  
Wayne County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

November 9, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

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

North Central Local School District  
Wayne County  
350 South Main Street  
Creston, Ohio 44217

To the Board of Education:

**Compliance**

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

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

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

**Internal Control Over Compliance**

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

North Central Local School District  
Wayne County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Each Major Federal Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133  
Page 2

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

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

**Jim Petro**  
Auditor of State

November 9, 2000

**NORTH CENTRAL LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

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

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any material reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1 Grants to Local Education Agencies, CFDA #84.010 Special Education Grants to States, CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**NORTH CENTRAL LOCAL SCHOOL DISTRICT**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 12, 2000**