ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

St. Marys City School District
Auglaize County
101 West South Street
St. Marys, OH 45885

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the St. Marys City School District, Auglaize 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 types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

November 30, 2000

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ST MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	$1,531,782	$206,461	$397,903	$417,825
Investments	1,901,438			
Receivables:				
Property Taxes	5,004,209		720,222	376,949
Accounts	7,681	1,960		
Intergovernmental	5,841	4,472		
Accrued Interest	36,743			
Interfund Receivable	79,549	1,354		
Notes Receivable				
Inventory Held for Resale				
Materials and Supplies Inventory				
Prepaid Items	38,687			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	185,115			
Fixed Assets				
Construction in Progress				
Accumulated Depreciation				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Governmental Resources				
Total Assets and Other Debits	$8,791,045	$214,247	$1,118,125	$794,774
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	$66,531	$12,345		$43,582
Contracts Payable				38,229
Retainage Payable				1,231
Accrued Wages and Benefits	961,544	20,761		
Compensated Absences Payable	53,189	248		
Intergovernmental Payable	266,009	3,334		
Interfund Payable	1,354	17,236		52,553
Accrued Interest Payable				12,620
Notes Payable				660,000
Deferred Revenue	4,557,319		658,653	345,047
Undistributed Assets				
Due to Students				
Asbestos Removal Loans Payable				
General Obligation Bonds Payable				
Total Liabilities	5,905,946	53,924	658,653	1,153,262
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	73,992	16,988		265,651
Reserved for Endowment				
Reserved for Notes Receivables				
Reserved for Property Taxes	446,890		61,569	31,902
Reserved for Budget Stabilization	150,058			
Designated for Budget Stabilization	357,876			
Reserved for Bus Purchase	35,057			
Unreserved (Deficit)	1,821,226	143,335	397,903	(656,041)
Total Fund Equity (Deficit) and Other Credits	2,885,099	160,323	459,472	(358,488)
Total Liabilities, Fund Equity and Other Credits	$8,791,045	$214,247	$1,118,125	$794,774

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		
Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
$180,559	$137,674			$2,872,204
				1,901,438
				6,101,380
21,721	658			32,020
				10,313
	11			36,754
	115			81,018
	10,000			10,000
30,422				30,422
2,115				2,115
	12,121			50,808
				185,115
579,358		20,115,696		20,695,054
		48,584		48,584
(219,811)		(6,171,161)		(6,390,972)
			459,472	459,472
			6,483,219	6,483,219
$594,364	$160,579	$13,993,119	$6,942,691	$32,608,944
$21,651	$1,307			$145,416
				38,229
				1,231
13,188				995,493
25,367			1,063,417	1,142,221
23,010			103,345	395,698
	9,875			81,018
				12,620
				660,000
12,477				5,573,496
	3,064			3,064
	41,949			41,949
			576,029	576,029
			5,199,900	5,199,900
95,693	56,195	0	6,942,691	14,866,364
		13,993,119		13,993,119
259,946				259,946
238,725				238,725
				356,631
	59,853			59,853
	10,000			10,000
				540,361
				150,058
				357,876
				35,057
	34,531			1,740,954
498,671	104,384	13,993,119	0	17,742,580
$594,364	$160,579	$13,993,119	$6,942,691	$32,608,944

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Property Taxes	$5,149,795		$671,888	$464,500		$6,286,183
Intergovernmental	8,072,481	$ 584,660	84,918	162,712		8,904,771
Interest	246,087	3,516	2,643	41,538	$ 8,941	302,725
Tuition and Fees	178,162					178,162
Extracurricular Activities		94,563				94,563
Gifts and Donations	4,000	6,547				10,547
Rent	8,274					8,274
Miscellaneous	137,006	35,386	73,213			245,605
Total Revenues	13,795,805	724,672	832,662	668,750	8,941	16,030,830
Expenditures:						
Current:						
Instruction:						
Regular	6,685,551	84,231		134,052		6,903,834
Special	799,692	231,482				1,031,174
Vocational	722,371			4,187		726,558
Adult/Continuing		49,103				49,103
Other	191,517	7,830				199,347
Support Services:						
Pupils	685,728	27,682		54,072		767,482
Instructional Staff	765,598	60,848				826,446
Board of Education	56,330					56,330
Administration	1,035,817	3,672				1,039,489
Fiscal	251,904		13,509	6,693		272,106
Business	215,128					215,128
Operation and Maintenance of Plant	1,262,250	6,395		686,943		1,955,588
Pupil Transportation	561,943					561,943
Central	3,812					3,812
Operation of Non-Instructional Services		88,854			8,100	96,954
Extracurricular Activities	288,585	109,359				397,944
Capital Outlay	4,330			344,418		348,748
Intergovernmental				999,900		999,900
Debt Service:						
Principal Retirement			510,093			510,093
Interest and Fiscal Charges			194,531	20,261		214,792
Total Expenditures	13,530,556	669,456	718,133	2,250,526	8,100	17,176,771
Excess of Revenues Over (Under) Expenditures	265,249	55,216	114,529	(1,581,776)	841	(1,145,941)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	52,738			30,000		82,738
Proceeds from Sale of Bonds				999,900		999,900
Operating Transfers In		5,956	45,377	75,000		126,333
Operating Transfers Out	(51,333)			(75,000)		(126,333)
Total Other Financing Sources (Uses)	1,405	5,956	45,377	1,029,900	0	1,082,638
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	266,654	61,172	159,906	(551,876)	841	(63,303)
Fund Balances at Beginning of Year - Restated (Note 3)	2,691,767	99,627	299,566	193,388	43,690	3,328,038
Decrease in Inventory	(73,322)	(476)				(73,798)
Fund Balances (Deficit) at End of Year	$2,885,099	$160,323	$459,472	($358,488)	$44,531	$3,190,937

See accompanying notes to the general purpose financial statements

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ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	$5,199,795	$5,199,795	$0	$0	$0	$0
Intergovernmental	8,083,502	8,086,502	3,000	579,688	579,188	(500)
Interest	242,940	242,940	0	3,478	3,403	(75)
Tuition and Fees	172,379	179,712	7,333	0	0	0
Extracurricular Activities	0	0	0	93,445	93,445	0
Gifts and Donations	287	4,000	3,713	6,000	7,047	1,047
Rent	6,926	8,274	1,348	0	0	0
Miscellaneous	154,848	174,377	19,529	33,401	35,366	1,965
Total Revenues	13,860,677	13,895,600	34,923	716,012	718,449	2,437
Expenditures:						
Current:						
Instruction:						
Regular	6,633,922	6,633,922	0	96,700	89,097	7,603
Special	773,433	773,433	0	251,389	233,549	17,840
Vocational	757,500	757,500	0	0	0	0
Adult/Continuing	0	0	0	55,511	48,786	6,725
Other	190,589	190,589	0	5,428	5,428	0
Support Services:						
Pupils	698,775	698,775	0	128,564	66,016	62,548
Instructional Staff	751,861	751,861	0	75,988	59,872	16,116
Board of Education	55,527	55,527	0	0	0	0
Administration	1,054,797	1,054,797	0	5,612	3,730	1,882
Fiscal	255,108	255,108	0	0	0	0
Business	203,531	201,930	1,601	0	0	0
Operation and Maintenance of Plant	1,336,003	1,336,003	0	10,397	6,395	4,002
Pupil Transportation	560,061	560,061	0	0	0	0
Central	6,106	6,106	0	0	0	0
Operation of Non-Instructional Services	0	0	0	163,902	122,405	41,497
Extracurricular Activities	276,539	276,539	0	115,965	114,335	1,630
Capital Outlay	4,330	4,330	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Debt Service:						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
Total Expenditures	13,558,082	13,556,481	1,601	909,456	749,613	159,843
Excess of Revenues Over (Under) Expenditures	302,595	339,119	36,524	(193,444)	(31,164)	162,280
Other Financing Sources and Uses						
Operating Transfers In	0	0	0	5,000	5,956	956
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Proceeds from the Sale of Fixed Assets	5,459	52,737	47,278	0	0	0
Advances In	0	67,791	67,791	0	17,275	17,275
Other Financing Sources	0	0	0	0	0	0
Operating Transfers Out	(51,332)	(51,332)	0	0	0	0
Refund of Prior Year Receipts	0	0	0	(97)	(97)	0
Advances Out	0	(79,590)	(79,590)	0	(2,031)	(2,031)
Total Other Financing Sources (Uses)	(45,873)	(10,394)	35,479	4,903	21,103	16,200
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	256,722	328,725	72,003	(188,541)	(10,061)	178,480
Fund Balances at Beginning of Year	3,021,474	3,021,474	0	77,778	77,778	0
Prior Year Encumbrances Appropriated	124,514	124,514	0	109,081	109,081	0
Fund Balances at End of Year	$3,402,710	$3,474,713	$72,003	($1,682)	$176,798	$178,480

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
$1,400,323	$749,766	($650,557)	$391,816	$391,816	$0	$0	$0	$0
64,376	84,918	20,542	162,712	162,712	0	0	0	0
0	0	0	43,879	43,879	0	7,250	8,541	1,291
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,000	2,938	938
1,464,699	834,684	(630,015)	598,407	598,407	0	9,250	11,479	2,229
0	0	0	169,454	137,731	31,723	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	4,187	4,187	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	54,072	54,072	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
15,000	13,509	1,491	6,693	6,693	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	937,447	990,001	(52,554)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	10,120	10,100	20
0	0	0	0	0	0	0	0	0
0	0	0	415,811	415,811	0	0	0	0
0	0	0	999,900	999,900	0	0	0	0
1,219,093	1,219,093	0	0	0	0	0	0	0
221,757	221,757	0	0	0	0	0	0	0
1,455,850	1,454,359	1,491	2,587,564	2,608,395	(20,831)	10,120	10,100	20
8,849	(619,675)	(628,524)	(1,989,157)	(2,009,988)	(20,831)	(870)	1,379	2,249
45,377	45,377	0	75,000	75,000	0	0	0	0
0	660,000	660,000	0	0	0	0	0	0
0	0	0	999,900	999,900	0	0	0	0
0	0	0	30,000	30,000	0	0	0	0
0	0	0	0	52,553	52,553	0	0	0
73,213	73,213	0	0	0	0	0	0	0
0	0	0	(75,000)	(75,000)	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	(51,150)	(51,150)	0	0	0
118,590	778,590	660,000	1,029,900	1,031,303	1,403	0	0	0
127,439	158,915	31,476	(959,257)	(978,685)	(19,428)	(870)	1,379	2,249
236,345	236,345	0	216,271	216,271	0	32,372	32,372	0
0	0	0	830,120	830,120	0	0	0	0
$363,784	$395,260	$31,476	$87,134	$67,706	($19,428)	$31,502	$33,751	$2,249

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30,2000

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	**Nonexpendable Trust**	**Totals (Memorandum Only)**
Operating Revenues:			
Sales	$485,103	$0	$485,103
Total Operating Revenues	485,103	0	485,103
Operating Expenses:			
Salaries	215,361	0	215,361
Fringe Benefits	86,101	0	86,101
Purchased Services	7,200	0	7,200
Materials and Supplies	14,866	0	14,866
Cost of Sales	347,955	0	347,955
Depreciation	27,483	0	27,483
Total Operating Expenses	698,966	0	698,966
Operating Income (Loss)	(213,863)	0	(213,863)
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	39,639	0	39,639
Interest	7,777	0	7,777
Operating Grants	145,596	0	145,596
Total Non-Operating Revenues (Expenses)	193,012	0	193,012
Net Income (Loss)	(20,851)	0	(20,851)
Retained Earnings at Beginning of Year	259,576	59,853	319,429
Retained Earnings at End of Year	238,725	59,853	298,578
Contributed Capital at Beginning of Year	250,596	0	250,596
Contributions from Other Funds	9,350	0	9,350
Contributed Capital at End of Year	259,946	0	259,946
Total Fund Equity at End of Year	$498,671	$59,853	$558,524

See accompanying notes to the general purpose financial statements

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30,2000

	Proprietary Fund Types	Fiduciary Fund Type	
	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	$464,329	$0	$464,329
Cash Payments to Suppliers for Goods and Services	(313,293)	0	(313,293)
Cash Payments to Employees for Services	(190,205)	0	(190,205)
Cash Payments for Employee Benefits	(107,026)	0	(107,026)
Net Cash Used for Operating Activities	(146,195)	0	(146,195)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	165,323	0	165,323
Net Cash Provided by Noncapital Financing Activities	165,323	0	165,323
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(34,996)	0	(34,996)
Cash Flows from Investing Activities:			
Cash Received from Interest	7,777	0	7,777
Net Increase (Decrease) in Cash and Cash Equivalents	(8,091)	0	(8,091)
Cash and Cash Equivalents at Beginning of Year	188,650	59,853	248,503
Cash and Cash Equivalents at End of Year	$180,559	$59,853	$240,412
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	($213,863)	$0	($213,863)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	27,483	0	27,483
Donated Commodities Used During Year	39,639	0	39,639
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(21,181)	0	(21,181)
Increase in Inventory Held for Resale	(4,561)	0	(4,561)
Decrease in Materials and and Supplies Inventory	79	0	79
Decrease in Prepaid Items	326	0	326
Increase in Accounts Payable	21,651	0	21,651
Increase in Accrued Wages and Benefits	57	0	57
Increase in Compensated Absences Payable	2,679	0	2,679
Increase in Intergovernmental Payable	1,496	0	1,496
Net Cash Used for Operating Activities	($146,195)	$0	($146,195)
Reconciliation of Trust and Agency Funds			
Cash and Cash Equivalents - All Fiduciary Funds		137,674	
Cash and Cash Equivalents - Agency Funds		(43,300)	
Cash and Cash Equivalents - Expendable Trust Funds		(34,521)	
Cash and Cash Equivalents - Nonexpendable Trust Funds		$59,853	

Non-Cash Capital Financing Activities:
The permanent improvement capital projects fund purchased fixed assets for the lunchroom enterprise funds in the amount of $9,350.

See accompanying notes to the general purpose financial statements

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30,2000

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:						
Sales	$435,633	$464,329	$28,696	$0	$0	$0
Interest	6,000	7,634	1,634	0	0	0
Federal and State Subsidies	145,000	165,323	20,323	0	0	0
Total Operating Revenues	586,633	637,286	50,653	0	0	0
Operating Expenses:						
Salaries	190,204	190,204	0	0	0	0
Fringe Benefits	107,026	107,026	0	0	0	0
Purchased Services	6,874	6,874	0	0	0	0
Materials and Supplies	328,765	328,765	0	0	0	0
Capital Outlay	55,074	55,074	0	0	0	0
Total Operating Expenses	687,943	687,943	0	0	0	0
Excess of Revenue Over (Under) Expense	(101,310)	(50,657)	50,653	0	0	0
Fund Equity at Beginning of Year	174,453	174,453	0	59,853	59,853	0
Prior Year Encumbrances Appropriated	13,659	13,659	0	0	0	0
Fund Equity at End of Year	$86,802	$137,455	$50,653	$59,853	$59,853	$0

See accompanying notes to the general purpose financial statements

NOTE 1- DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1862 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 42 square miles. It is located in Auglaize County, and includes all of the City of St. Marys and portions of St. Marys, Moulton, Noble, Washington, Salem and Logan Townships. It is staffed by 85 non-certificated employees, 160 certificated full-time teaching personnel and 17 administrative employees who provide services to 2,552 students and other community members. The School District currently operates seven instructional and one district service center buildings.

Reporting Entity:

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

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

The following activities are included within the reporting entity:

> **Parochial School** - Within the School District boundaries, the Holy Rosary Elementary is operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies are reflected by the School District in a special revenue fund for financial reporting purposes.

The School District is associated with three jointly governed organizations, two insurance pools, and a related organization. These organizations include the Northwest Ohio Area Computer Services Cooperative, the West Central Regional Professional Development Center, the West Central Ohio Special Education Regional Resource Center, the Northwest Ohio Area Computer Services Workers' Compensation Group Rating Plan, Mercer-Auglaize Area Schools Employee Benefit Trust, and the St. Marys Community Public Library. These organizations are presented in Notes 21, 22, and 23 to the general purpose financial statements.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Fiduciary Fund Types:

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

Account Groups:

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

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or 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 funds and nonexpendable 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 segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by 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 Auglaize County Budget Commission for rate determination.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

Encumbrances

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

Lapsing of Appropriations

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

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

During fiscal year 2000, investments were limited to STAROhio, non-negotiable certificates of deposit, and federal agency securities.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 2000 amounted to $246,087, which includes approximately $21,325 assigned from other School District funds.

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents which use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

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

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

All fixed assets are depreciated on a straight line basis over their estimated useful lives. In proprietary funds, depreciation is an element in the determination of net income and is recorded annually as an expense. For governmental funds, depreciation does not represent a source or use of financial resources, and is therefore not recorded within these funds. The annual depreciation associated with general fixed assets is reported in the General Fixed Assets Account Group as an increase to accumulated depreciation and a decrease to the investment in general fixed assets account.

The estimated useful lives assigned to the various classes of assets are:

	Years
Land Improvements	25
Buildings	30 – 75
Building Improvements	5 – 30
Improvements Other Than Buildings	15 – 30
Furniture, Fixtures and Equipment	5 – 20
Musical Instruments	15
Vehicles	3 – 15

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Program

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Education Management Information Systems
- Teacher Development Block Grant
- Adult Basic and Literacy Education
- Ohio Reads
- Safe School Help Line
- Reducing Class Size
- GED Testing
- Eisenhower Science/Mathematics
- Telecom (E-rate)
- Title I
- Title VI
- Title VI-B

Capital Projects Funds

- School Net
- School Net Plus
- Technology Equity
- Vocational Education Equipment
- Ohio School Facilities Emergency Repair Program
- Power Up

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements amounted to approximately fifty-five percent of the School District's governmental operating revenue during the 2000 fiscal year.

J. Interfund Assets/Liabilities

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable (ten or more years of service with the School District) of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

Personal leave benefits are accrued as a current liability. Personal leave is paid to employees based on board policy, and the amount is based on the balance of unused personal leave and employee's wage rates at fiscal year end.

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Transactions

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

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

N. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, budget stabilization, bus purchases, notes receivable, and endowments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves and Designations (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for the endowment represents the amount held by the School District that cannot be expended.

The School District designates a portion of fund equity to indicate tentative planned expenditures of financial resources. A fund balance designation has been established for the revenue set-aside for budget stabilization that exceeded the statutorily required amount.

O. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

P. Use of 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.

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY

For fiscal year 2000, the School District combined the rotary internal service fund into the general fund. The fund was combined due to the immateriality of the activity.

The combining of the rotary internal service fund into the general fund had the following effect on the excess of revenues and other financing sources over (under) expenditures and other uses as previously reported in the year ending June 30, 1999, as follows:

NOTE 3 - RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

	General	Internal Service
Excess as previously reported	$453,330	($407)
Combining of Funds	(407)	407
Restated Excess at June 30, 1999	$452,923	$0

The combining also had the following effect on fund balance as it was previously reported as of June 30, 1999:

	General	Internal Service
Balance at June 30, 1999	$2,660,212	$31,555
Combining of Funds	31,555	(31,555)
Restated Balance at July 1, 1999	$2,691,767	$0

NOTE 4 - ACCOUNTABILITY

At June 30, 2000, the Ohio Reads and GED Testing special revenue funds had deficit fund balances of $14,809 and $745, respectively, which was created by the application of generally accepted accounting principles. Also, the Building capital projects fund had a deficit fund balance of $681,967. The deficit was created by the requirement to report the tax anticipation notes as a fund liability. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) - All Governmental and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budgetary Basis) - All Proprietary 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 that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	$266,654	$61,172	$159,906	($551,876)	$841
Revenue Accruals	37,483	(6,577)	1,652	3,542	(2)
Expenditure Accruals	154,476	(52,218)		(36,402)	
Cash					
Prior Year	16,397	242		3,767	372
Current Year	(7,056)	(354)	(2,643)	(1,426)	(770)
Change in Fair Value	24,255				
Prepaids	9,136	1,739			
Net Change in Notes Receivable					938
Proceeds from Sale of Notes			660,000		
Retirement of Notes			(709,000)		
Transfer of Debt Activity			49,000	(49,000)	
Advances In	67,791	17,275		52,553	
Advances Out	(79,590)	(2,031)		(51,150)	
Encumbrances Outstanding At Year End	(160,821)	(29,309)		(348,693)	
Budget Basis	$328,725	($10,061)	$158,915	($978,685)	$1,379

Net Loss/Excess of Revenues Over Expenses, Transfers and Advances Enterprise Funds

GAAP Basis	($20,851)
Revenue Accruals	(1,454)
Expense Accruals	25,883
Cash - Prior Year	538
Cash - Current Year	(681)
Materials and Supply Inventory	79
Inventory Held for Resale	(4,561)
Prepaid Items	326
Acquisition of Fixed Assets	(34,996)
Depreciation Expense	27,483
Encumbrances Outstanding at Year End	(42,423)
Budget Basis	($50,657)

NOTE 6 - DEPOSITS AND INVESTMENTS

The Treasurer is responsible for selecting depositories and investing funds. State statutes classify monies held by the School District into three categories.

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

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 pass book accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marking association. All federal agency services shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and

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

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

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

Cash on Hand: At fiscal year end, the School District had $400 in undeposited cash on hand which is included on the Combined Balance Sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was $1,129,836 and the bank balance was $1,489,033. Of the bank balance, $146,321 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions trust departments in the School District's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

Investments: The School District's investments to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School 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 School 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 School District's name. STAROhio is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	Risk Category 2	Fair Value
Federal Home Loan Mortgage Corp.	$493,440	$493,440
Federal National Mortgage Association	393,720	393,720
Federal Farm Credit Bureau	597,378	597,378
Federal Home Bank Loan	416,900	416,900
	$1,901,438	1,901,438
STAROhio		1,927,083
Total		$3,828,521

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	$3,057,319	$1,901,438
Cash on Hand	(400)	
Investments:		
STAROhio	(1,927,083)	1,927,083
GASB Statement 3	$1,129,836	$3,828,521

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal years runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. For 2000, real property tax levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. For 2000, tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1998, the lien date. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility, and tangible personal property 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, 2000 was $446,890 in the general fund, $61,569 in the debt service bond retirement fund, and $31,902 in the permanent improvement capital projects fund. The amounts available as an advance at June 30, 1999 were $496,890 in the general fund, $63,221 in the bond retirement debt service fund, and $35,444 in the permanent improvement capital projects fund and are recognized as revenue in the general fund.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real	$143,051,920	77.94%	$165,343,460	78.89%
Public Utility Personal	11,598,850	6.32%	10,526,820	5.02%
Tangible Personal Property	28,884,682	15.74%	33,717,870	16.09%
Total Assessed Value	$183,535,452	100.00%	$209,588,150	100.00%
Tax rate per $1,000 of Assessed Valuation	$48.50		$48.45	

The tax rate decreased by $.05 due to the reduction in millage to fund debt service requirements.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Travel Reimbursement	$3,341
Drivers Education	2,500
Total General Fund	5,841
Special Revenue Funds	
SchoolNet Professional Development	3,000
Adult Basic and Literacy Education	1,472
Total Special Revenue Funds	4,472
Total	$10,313

NOTE 9 - NOTES RECEIVABLE

The Mooney Scholarship Fund was established in 1982 through a probate will. Qualified students may borrow up to $1,000 to pay for the costs of higher education. Repayment begins six months after termination of college attendance. Also at that time, the principal begins accruing interest at a rate of four percent per annum. At the close of fiscal year 2000, there were twelve students with outstanding loans and a total principal balance of $10,000.

NOTE 10 - FIXED ASSETS

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

Buildings	$30,781
Furniture and Equipment	548,577
	579,358
Less Accumulated Depreciation	(219,811)
Net Fixed Asset	$359,547

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

Asset Category	Balance 06/30/99	Additions	Deletions	Balance 06/30/00
Land and Improvements	$761,059	$23,834	$10,247	$774,646
Buildings and Improvements	7,204,453	5,813,910	143,129	12,875,234
Improvements Other Than Buildings	515,787	58,713	10,854	563,646
Furniture, Fixtures and Equipment	3,856,219	631,708	157,186	4,330,741
Musical Instruments	239,846	18,108		257,954
Vehicles	1,281,251	127,058	94,834	1,313,475
Construction in Progress	5,538,066	48,584	5,538,066	48,584
Total Fixed Assets	19,396,681	6,721,915	5,954,316	20,164,280
Less Accumulated Depreciation	(5,806,619)	(692,142)	(327,600)	(6,171,161)
Net Fixed Assets	$13,590,062			$13,993,119

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage.

Coverages provided by Nationwide Insurance are as follows:

Building and Contents-	
replacement cost ($1,000 deductible)	$40,669,400
Boiler and Machinery-	
limit per accident ($1,000 deductible)	19,178,100
Musical Instruments (No deductible)	124,950
Photography Equipment (No deductible)	48,775
Neon Signs ($100 deductible)	8,470
Electronic and Data Processing Equipment (includes software)	
($250 deductible)	496,000
Radios (No deductible)	4,606
Band Uniforms (No deductible)	60,000
Automobile Liability (Single Limit)	2,000,000
Uninsured Motorists Bodily Injury	
($250 Deductible) Comprehensive and Collision	2,000,000
Medical Payments Per Person	10,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000
Umbrella	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverages.

The School District participates in the Northwest Ohio Area Computer Services Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 22). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The School District participates in the Mercer-Auglaize Employee Benefit Trust (Trust), a public entity shared risk pool consisting of eight local school districts, two city school districts, and an educational service center. The School District pays monthly premiums to the Trust for medical and dental benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were $91,659, $119,662 and $142,333, respectively; 42.8 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of $54,432 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were $439,800, $422,689, and $696,352, respectively; 82.5 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of $76,929, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, five members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POST-EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve. For the School District, this amount equaled $586,404 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was $2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were $249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. 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 School District, the amount to fund health care benefits, including surcharge, equaled $178,077 during the 2000 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expense for health care at June 30, 1999, was $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. SERS has approximately 51,000 participants currently receiving health care benefits.

NOTE 14 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees, upon the completion of one year of service, earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for classified employees and 50 days for certified employees.

NOTE 14 - EMPLOYEE BENEFITS (Continued)

B. Health, Dental, Vision and Life Insurance

The School District provides health insurance benefits to employees through the Mercer-Auglaize Schools Employee Benefits Trust. The premium varies with each employee depending on marital and family status. The School District also provides prescription drug and dental insurance through the same provider. The premium varies with each employee depending on marital and family status. Vision care is provided through Vision Service Plan, Inc. The premium is a set fee per employee covered.

The School District provides life insurance benefits of $25,000 per employee, whose benefits reduce to 42%, 28%, 19% and 13% at ages 70, 75, 80, and 85, respectively, through CoreSource. The premium is a set fee per employee, which is reduced as above.

NOTE 15 - SHORT-TERM OBLIGATIONS

Note debt activity for the year ended June 30, 2000, consisted of the following:

General Obligation Notes:	Balance 06/30/99	Additions	Deductions	Balance 06/30/20
Capital Projects Funds				
Building Fund				
4.95% Tax Anticipation Notes	$709,000	$660,000	$709,000	$660,000

By Ohio law, notes can be issued in anticipation of bond proceeds or for up to 50% of anticipated revenue collections. The notes are issued in anticipation of bonds and mature one year from the date of issuance.

NOTE 16 - LONG-TERM OBLIGATIONS

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

	Balance 06/30/99	Additions	Deduction	Balance 06/30/00
3.65 – 5.0% Construction Bonds	$4,625,000	$	$425,000	$4,200,000
6.7% Library Construction Bonds		999,900		999,900
Asbestos Removal Loan	621,406		45,377	576,029
Intergovernmental Payable	99,298	103,345	99,298	103,345
Compensated Absences	1,021,503	41,914		1,063,417
Total General Long Term Obligations	$6,367,207	$1,145,159	$569,675	$6,942,691

Construction Bonds - On February 1, 1998, the School District issued $5,000,000 in bonds for the construction of additions to existing instructional buildings. The bonds were issued for ten years with final maturity on December 1, 2006. The debt will be retired with property taxes received in the bond retirement debt service fund.

Library Construction Bonds – On June 1, 2000, the School District issued $999,900 in bonds for the construction of an addition to the existing community library. The bonds were issued for ten years with final maturity on December 1, 2010. The debt will be retired with property taxes received in the bond retirement debt service fund.

NOTE 16 - LONG-TERM OBLIGATIONS (Continued)

Asbestos Removal Loan - On October 21, 1994, the School District obtained a loan in the amount of $816,777 for providing asbestos removal under the authority of Ohio Revised Code section 3317.22. The loan was issued for a twenty year period with final maturity during fiscal year 2013. The debt will be retired through the debt service fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. The change in compensated absences is presented net because it is not practical to determine the actual increase and decrease.

The School District's overall legal debt margin was $12,910,262 with an unvoted debt margin of $210,566 at June 30, 2000.

Principal and interest requirements to retire the long-term obligations at June 30, 2000, are as follows:

Fiscal Year Ended	Amount
2001	$764,670
2002	833,134
2003	861,477
2004	915,308
2005	916,082
2006 – 2010	2,394,688
2011 – 2013	266,956
Total	$6,952,315

NOTE 17 - RESERVATION OF FUND BALANCE

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

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

	Textbooks	Capital Acquisitions	Budget Stabilization
Set-aside Cash Balance as of June 30, 1999	$	$	$150,058
Current Year Set-aside Requirement	300,126	300,126	
Current Year Offsets		(391,120)	
Qualifying Disbursements	(310,510)	(18,083)	
Cash Carried Forward to Fiscal Year 2000			$150,058
Amount Restricted for Bus Purchases			35,057
Total Restricted Assets			$185,115

Qualifying expenditures for the textbook reserve exceeded the required set aside by $10,384. The off-set and qualifying disbursements for the capital reserve exceeded the required set aside by $109,077.

NOTE 18 - INTERFUND ACTIVITY

As of June 30, 2000 receivables and payables that resulted from various interfund transactions were as follows:

	Interfund	
Fund Type/Fund	**Receivables**	**Payables**
General Fund	$79,549	$1,354
Special Revenue Funds:		
GED Testing		2,174
Reducing Class Size	1,354	
Ohio Reads		15,062
Total Special Revenue Funds	1,354	17,236
Capital Projects Fund		
Emergency Building Repair		52,553
Agency Fund	115	9,875
Total	$81,018	$81,018

Advances in and advances out will not balance in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual, All Governmental and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget (Budgetary Basis) and Actual, All Proprietary and Similar Fiduciary Funds because advances were made between the general fund and the agency funds.

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 2000 the School District had contractual purchase commitments as follows:

Company	Project	Amount Remaining On Contract
Shinn Brothers	Restroom Renovations/General Contractor	$43,980
Frost & Company	Restroom Renovations/Plumbing	16,045
Koester Electric	Restroom Renovations/Electrical	12,800
Richard A. Schumm Plumbing	Restroom Renovations/HVAC	7,062
Buehler Excavating	Paving – West School	71,739
Blue Bird	School Bus	60,299
Capital and Aluminum Glass	East, West and High School Entrance Doors	52,580
Elwer Fence	Stadium Fence Replacement	10,263
Vaughn Industries	Communication Projects	36,221

NOTE 20 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	$398,536	$86,567	$485,103
Depreciation Expense	27,483		27,483
Operating Loss	(211,855)	(2,008)	(213,863)
Donated Commodities	39,639		39,639
Operating Grants	145,596		145,596
Net Income (Loss)	(18,843)	(2,008)	(20,851)
Fixed Asset Additions	44,346		44,346
Fixed Assets Deletion	4,012		4,012
Net Working Capital	100,136	64,355	164,491
Total Assets	527,174	67,190	594,364
Total Equity	434,316	64,355	498,671
Encumbrances Outstanding at June 30 (Budget Basis)	39,486	2,937	42,423

NOTE 21 - JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Area Computer Services Cooperative - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium consisting of school districts within West Central Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Financial information can be obtained from Marilyn Fruchey, who serves as fiscal agent treasurer, at Western Buckeye Educational Service Center, 202 N. Cherry St., P.O. Box 176, Paulding, OH 45879.

West Central Regional Professional Development Center (the Center) - The Center is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert counties. The Center was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a board made up of fifty-two representatives from the participating school districts, the business community and two universities whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Bradley Brown, Treasurer, Hancock County Educational Service Center, 7746 County Road 140, Findlay, OH 45840.

West Central Ohio Special Education Regional Resource Center (the SERRC) - The SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operations. The jointly governed organization was formed for the purpose of initiation, expanding and improving special education programs and services for children with disabilities and their parents.

NOTE 21 - JOINTLY GOVERNED ORGANIZATION (Continued)

West Central Ohio Special Education Regional Resource Center (the SERRC) (Continued)
The SERRC is governed by a board of 52 members made up of representatives from 50 superintendents of the participating districts, one non-public schools, and one from Wright State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, One Courthouse Square, Suite 50, Kenton, OH 43326.

NOTE 22 - INSURANCE POOLS

The Mercer-Auglaize Schools Employee Benefits Trust (the Plan) - The Plan is a public entity shared risk pool consisting of eight local school districts, two city school districts, one exempted village school district, and two educational service centers. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, Mid-American Bank, concerning aspects of the administration of the Trust.

Each school district decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from James Mauntler, who serves as consultant with Schmidt, Long, and Associates, at 4169 North Holland Sylvania Road, Suite 203, Building 3, Toledo, Ohio 43623.

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

The Plan's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the NOACSC, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 23 - RELATED ORGANIZATION

St. Marys Community Public Library - The St. Marys Community Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the St. Marys City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the St. Marys Community Public Library, Bob Maurer, Clerk-Treasurer, at 140 South Chestnut Street, St. Marys, Ohio 45885.

NOTE 24 - SCHOOL FOUNDATION

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 monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received $7,475,493 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of $500,000 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "…the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme Court's majority recognized efforts of the Ohio General Assembly taken in response to the Court's March 24, 1997, decision; however, it found seven "…major areas warrant further attention, study, and 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 Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

NOTE 25 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

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ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program		10.550	$0	$51,576	$0	$44,844
National School Breakfast Program	044727 05-PU	10.553	7,695	0	7,695	0
National School Lunch Program	044727 04-PU	10.555	149,730	0	149,730	0
Total U.S. Department of Agriculture - Nutrition Cluster			157,425	51,576	157,425	44,844
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Adult Education - State Grant Program	044727 AB-S1 00	84.002	39,896	0	39,896	0
Title I, Part A, IASA	044727 C1-S1 00	84.010	89,061	0	79,503	0
Title I, Part A, IASA	044727 C1-S1 99	84.010	0	0	13,007	0
Total Title I, Part A, IASA			89,061	0	92,510	0
Title VI-B -	044727 6B-SF 00	84.027	181,164	0	102,066	0
Special Education Grants to States	044727 6B-SF 99	84.027	0	0	61,988	0
Total Title VI-B			181,164	0	164,054	0
Title VI	044727 C2-S1 00	84.298	14,551	0	8,822	0
Innovative Education Program Strategies	044727 C2-S1 99	84.298	1,968	0	12,090	0
	044727 C2-S1 98	84.298	(29)	0	0	0
Total Title VI			16,490	0	20,912	0
Eisenhower Professional Development	044727 MS-S1 00	84.281	8,996	0	6,206	0
State Grants	044727 MS-S1 99	84.281	0	0	794	0
Total Eisenhower Professional Development State Grants			8,996	0	7,000	0
Class Size Reduction Program	44727 CR-S1 00	84.340	35,475	0	31,275	0
Total U.S. Department of Education			371,082	0	355,647	0
Total Federal Assistance			$528,507	$51,576	$513,072	$44,844

See accompanying notes to the Schedule of Federal Awards Expenditures.

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY

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

NOTE A- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B- FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

NOTE C- FEDERAL AWARDS EXPENDITURES ADMINISTERED BY OTHER GOVERNMENTS

St. Marys City School District also benefitted from other federal award expenditure programs which were passed through the State Department of Education to the Auglaize County Educational Service Center. These programs are administered by the Auglaize County Educational Service Center and are audited according to the Single Audit Act (A-133) at that level. The financial activity of these federal award expenditure programs is not reflected in the accompanying financial statements.

FEDERAL GRANTOR/ Pass-Through Grantor/ Program Titles	Federal CFDA Number	Project Number	Amount Expended on Behalf
UNITED STATES DEPARTMENT OF EDUCATION			
Passed through Ohio Department of Education - to Auglaize County Educational Service Center			
Preschool Handicapped Program	84.173	045930-PG-S1-00P	$16,028
		045930-PG-S1-99P	2,415
Drug-Free Schools and Communities	84.184	045930-DR-S1-00	6,136
		045930-DR-S1-99	3,531

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

St. Marys City School District
Auglaize County
101 West South Street
St. Marys, OH 45885

To the Board of Education:

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

Compliance

As part of obtaining reasonable assurance about whether 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 30, 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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 30, 2000.

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

JIM PETRO
Auditor of State

November 30, 2000

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

St. Marys City School District
Auglaize County
101 West South Street
St. Marys, OH 45885

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

JIM PETRO
Auditor of State

November 30, 2000

ST. MARYS CITY SCHOOL DISTRICT
AUGLAIZE COUNTY
JUNE 30, 2000

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505

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 reported material 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):**	Nutrition Cluster *
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes
* Food Distribution Program (CFDA # 10.500), National School Lunch Program (CFDA # 10.555), and the National School Breakfast Program (CFDA # 10.553)		

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

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ST. MARYS CITY SCHOOL DISTRICT

AUGLAIZE 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 19, 2000