



**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

This page intentionally left blank.

EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
General-Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups.	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis)- All Governmental Fund Types	7
Combined Statement of Revenues, Expenses and Changes in (Accumulated Deficit)/Retained Earnings All Proprietary Fund Types	8
Combined Statement of Cash Flows - All Proprietary Fund Types	9
Notes to the Financial Statements	11
Schedule of Federal Awards Expenditures	47
Notes to Schedule of Federal Awards Expenditures	48
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	49
Report on Compliance with Requirements Applicable to each Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	51
Schedule of Findings	53

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Edgewood City School District
Butler County
3500 Busenbark Road
Trenton, OH 45067

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Edgewood City School District, Butler County, Ohio (the District), as of and for the fiscal 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 Edgewood City School District, Butler County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

January 29, 2001

This page intentionally left blank.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>ASSETS AND OTHER DEBITS</u>									
ASSETS:									
Equity in pooled cash, cash equivalents and investments	2,048,196	212,558	1,375,049	16,160,448	5,447	214,446			20,016,144
Cash with escrow agent				141,270					141,270
Receivables (net of allowances of uncollectibles):									
Property taxes - current & delinquent . .	7,863,890		1,802,394						9,666,284
Accounts	541	256							797
Accrued interest	4,362			220,108					224,470
Interfund loan receivable	27,449								27,449
Due from other governments	950	3,000		9,464					13,414
Materials and supplies inventory					4,646				4,646
Restricted assets:									
Equity in pooled cash and cash equivalents	247,910								247,910
Property, plant and equipment (net of accumulated depreciation where applicable).					75,288		20,696,507		20,771,795
OTHER DEBITS:									
Amount available in Debt Service Fund .								1,514,411	1,514,411
Amount to be provided for retirement of General Long-Term Obligations.								26,372,929	26,372,929
Total assets and other debits	10,193,298	215,814	3,177,443	16,531,290	85,381	214,446	20,696,507	27,887,340	79,001,519

(Continued)

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable	109,351	9,688		67,837	1,229	203			188,308
Accrued wages and benefits.	1,565,240	59,527		150	65,173				1,690,090
Compensated absences payable.	10,200				33,473			977,590	1,021,263
Contracts payable				1,060,354					1,060,354
Retainage payable				141,270					141,270
Pension obligation payable	249,378	4,828			40,980			131,133	426,319
Interfund loan payable		2,739			24,616	94			27,449
Deferred revenue	7,408,150		1,663,032	189,478	1,191				9,261,851
Due to students						25,459			25,459
General obligation bonds								18,494,743	18,494,743
General obligation refunding bonds								8,098,833	8,098,833
Energy conservation notes payable.								107,639	107,639
Obligation under capital lease								77,402	77,402
Total liabilities	9,342,319	76,782	1,663,032	1,459,089	166,662	25,756		27,887,340	40,620,980
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets.							20,696,507		20,696,507
Contributed capital.					20,495				20,495
Retained earnings deficit					(101,776)				(101,776)
Fund balances:									
Reserved for encumbrances	309,254	15,800		6,117,717		54			6,442,825
Reserved for debt service.			1,375,049						1,375,049
Reserved for tax revenue unavailable for appropriation	460,102		139,362						599,464
Reserved for budget stabilization.	247,910								247,910
Unreserved-undesignated.	(166,287)	123,232		8,954,484		188,636			9,100,065
Total equity and other credits.	850,979	139,032	1,514,411	15,072,201	(81,281)	188,690	20,696,507		38,380,539
Total liabilities, equity and other credits	10,193,298	215,814	3,177,443	16,531,290	85,381	214,446	20,696,507	27,887,340	79,001,519

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	7,353,088		2,118,338			9,471,426
Tuition	13,643					13,643
Earnings on investments	284,053			1,028,328		1,312,381
Other local revenues	63,921	393,259			2,239	459,419
Intergovernmental - State	6,803,645	28,135	155,679	16,903		7,004,362
Intergovernmental - Federal		479,980				479,980
Total revenue	14,518,350	901,374	2,274,017	1,045,231	2,239	18,741,211
Expenditures:						
Current:						
Instruction:						
Regular	8,091,439	55,209		24,714		8,171,362
Special	1,325,352	312,489				1,637,841
Support services:						
Pupil	971,770	17,436				989,206
Instructional staff	1,144,678	112,709		67,757		1,325,144
Board of Education	58,004					58,004
Administration	1,603,833	191,093		79,309		1,874,235
Fiscal	384,265		26,904			411,169
Business	37,862					37,862
Operations and maintenance	1,408,908					1,408,908
Pupil transportation	714,712					714,712
Central	24,079	6,291			1,231	31,601
Community services	13,332	4,545		42,859	7,650	68,386
Extracurricular activities	280,296	198,936				479,232
Facilities services	52,150			4,711,203		4,763,353
Debt service:						
Principal retirement	80,618		1,010,879			1,091,497
Interest and fiscal charges	6,059		1,180,241			1,186,300
Total expenditures	16,197,357	898,708	2,218,024	4,925,842	8,881	24,248,812
Excess (deficiency) of revenues over (under) expenditures	(1,679,007)	2,666	55,993	(3,880,611)	(6,642)	(5,507,601)
Other financing sources (uses):						
Operating transfers in			42,825			42,825
Operating transfers out	(106,362)					(106,362)
Proceeds from sale of assets	6,619					6,619
Total other financing sources (uses)	(99,743)		42,825			(56,918)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(1,778,750)	2,666	98,818	(3,880,611)	(6,642)	(5,564,519)
Fund balance, July 1	2,629,729	136,366	1,415,593	18,952,812	195,332	23,329,832
Fund balance, June 30	850,979	139,032	1,514,411	15,072,201	188,690	17,765,313

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY, OHIO**

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

	General			Special Revenue			Debt Service			Capital Projects		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:												
From local sources:												
Taxes.....	7,592,987	7,592,987	0				1,978,976	1,978,976	0			
Tuition.....	13,568	13,643	75									
Earnings on investments.....	272,933	296,432	23,499							869,446	872,222	2,776
Other local revenues.....	58,039	58,138	99	392,899	393,122	223						
Intergovernmental - State.....	6,802,464	6,802,693	229	25,135	25,135	0	155,679	155,679	0			
Intergovernmental - Federal.....				519,746	522,205	2,459						
Total revenues.....	<u>14,739,991</u>	<u>14,763,893</u>	<u>23,902</u>	<u>937,780</u>	<u>940,462</u>	<u>2,682</u>	<u>2,134,655</u>	<u>2,134,655</u>	<u>0</u>	<u>869,446</u>	<u>872,222</u>	<u>2,776</u>
Expenditures:												
Current:												
Instruction:												
Regular.....	8,234,055	8,232,271	1,784	49,093	49,093	0				28,973	26,703	2,270
Special.....	1,364,843	1,364,843	0	288,692	288,692	0						
Support services:												
Pupil.....	921,626	921,626	0	17,440	17,440	0						
Instructional staff.....	1,147,203	1,146,797	406	114,723	114,723	0				67,757	67,757	0
Board of Education.....	63,733	62,165	1,568									
Administration.....	1,587,083	1,578,841	8,242	198,409	198,171	238				81,246	81,246	0
Fiscal.....	370,356	370,356	0				26,904	26,904	0			
Business.....	36,050	36,050	0									
Operations and maintenance.....	1,434,783	1,434,754	29									
Pupil transportation.....	802,047	802,047	0									
Central.....	25,588	25,588	0	6,291	6,291	0						
Community services.....	13,409	13,409	0	4,545	4,545	0				42,859	42,859	0
Extracurricular activities.....	282,883	282,883	0	209,657	208,921	736						
Facilities services.....	52,151	52,151	0							10,685,545	10,685,485	60
Debt service:												
Principal retirement.....	35,879	35,879	0				975,000	975,000	0			
Interest and fiscal charges.....	6,946	6,946	0				1,173,295	1,173,295	0			
Total expenditures.....	<u>16,378,635</u>	<u>16,366,606</u>	<u>12,029</u>	<u>888,850</u>	<u>887,876</u>	<u>974</u>	<u>2,175,199</u>	<u>2,175,199</u>	<u>0</u>	<u>10,906,380</u>	<u>10,904,050</u>	<u>2,330</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(1,638,644)</u>	<u>(1,602,713)</u>	<u>35,931</u>	<u>48,930</u>	<u>52,586</u>	<u>3,656</u>	<u>(40,544)</u>	<u>(40,544)</u>	<u>0</u>	<u>(10,036,934)</u>	<u>(10,031,828)</u>	<u>5,106</u>
Other financing sources (uses):												
Refund of prior year's expenditures.....	365	7,734	7,369		256	256				7,439	7,439	0
Refund of prior year's (receipts).....	(1,564)	(1,564)	0									
Operating transfers (out).....	(63,538)	(63,538)	0									
Advances in.....	31,153	31,153	0	2,739	2,739	0						
Advances (out).....	(27,449)	(27,449)	0	(16,498)	(16,498)	0						
Proceeds of sale of fixed assets.....	6,619	6,619	0									
Total other financing sources (uses).....	<u>(54,414)</u>	<u>(47,045)</u>	<u>7,369</u>	<u>(13,759)</u>	<u>(13,503)</u>	<u>256</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,439</u>	<u>7,439</u>	<u>0</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)...	<u>(1,693,058)</u>	<u>(1,649,758)</u>	<u>43,300</u>	<u>35,171</u>	<u>39,083</u>	<u>3,912</u>	<u>(40,544)</u>	<u>(40,544)</u>	<u>0</u>	<u>(10,029,495)</u>	<u>(10,024,389)</u>	<u>5,106</u>
Fund balances, July 1.....	3,185,798	3,185,798	0	128,763	128,763	0	1,415,593	1,415,593	0	17,830,442	17,830,442	0
Prior year encumbrances appropriated.....	370,024	370,024	0	19,788	19,788	0	0	0	0	1,150,069	1,150,069	0
Fund balances, June 30.....	<u>1,862,764</u>	<u>1,906,064</u>	<u>43,300</u>	<u>183,722</u>	<u>187,634</u>	<u>3,912</u>	<u>1,375,049</u>	<u>1,375,049</u>	<u>0</u>	<u>8,951,016</u>	<u>8,956,122</u>	<u>5,106</u>

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN (ACCUMULATED DEFICIT)/RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Operating revenues:			
Tuition and fees	120,594		120,594
Sales/charges for services	743,860		743,860
Total operating revenues.	864,454		864,454
Operating expenses:			
Personal services	528,143		528,143
Contract services	31,612		31,612
Materials and supplies.	660,462		660,462
Depreciation.	12,916		12,916
Other.		521	521
Total operating expenses	1,233,133	521	1,233,654
Operating loss	(368,679)	(521)	(369,200)
Nonoperating revenues:			
Operating grants	151,998		151,998
Federal commodities	87,544		87,544
Interest revenue.	138		138
Total nonoperating revenues	239,680		239,680
Net loss before operating transfers	(128,999)	(521)	(129,520)
Operating transfers in	63,537		63,537
Net loss	(65,462)	(521)	(65,983)
(Accumulated deficit)/			
Retained earnings, July 1	(36,314)	521	(35,793)
Accumulated deficit June 30	(101,776)	0	(101,776)

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees	120,594		120,594
Cash received from sales/service charges	744,071		744,071
Cash payments for personal services.	(513,435)		(513,435)
Cash payments for contract services	(30,944)		(30,944)
Cash payments for supplies and materials	(579,747)		(579,747)
Cash payments for other expenses		(521)	(521)
Net cash used in operating activities.	(259,461)	(521)	(259,982)
Cash flows from noncapital financing activities:			
Cash received from operating grants.	179,630		179,630
Transfers in from other funds	63,537		63,537
Cash received from interfund loans	24,616		24,616
Cash payments used in repayment of interfund loans.	(14,655)		(14,655)
Net cash provided by noncapital financing activities	253,128		253,128
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,475)		(1,475)
Net cash used in capital and related financing activities	(1,475)		(1,475)
Cash flows from investing activities:			
Interest received	138		138
Net cash provided by investing activities	138		138
Net decrease in cash and cash equivalents.	(7,670)	(521)	(8,191)
Cash and cash equivalents at beginning of year.	13,117	521	13,638
Cash and cash equivalents at end of year.	5,447	0	5,447
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss.	(368,679)	(521)	(369,200)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	12,916		12,916
Federal donated commodities	87,544		87,544
Changes in assets and liabilities:			
Decrease in supplies inventory	7,239		7,239
Decrease in accounts receivable	211		211
Decrease in accounts payable.	(5,152)		(5,152)
Increase in accrued wages & benefits.	4,392		4,392
Increase in compensated absences payable.	6,642		6,642
Increase in pension obligation payable.	3,674		3,674
Decrease in deferred revenue	(8,248)		(8,248)
Net cash used in operating activities	(259,461)	(521)	(259,982)

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

This page intentionally left blank.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Edgewood City School District (the "District") was formed on February 14, 1968 with the consolidation of Trenton City School District and Shiloh Local School District. Today, the District operates under current standards prescribed by the Ohio State Board of Education, as provided in division (D) of Section 3301.07, and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities, staffed by 118 non-certified personnel and 266 certified full time teaching and administrative personnel, who provide services to approximately 2,978 students and other community members.

The District ranks as the 147th largest by enrollment among the 660 public and community school districts in the State. It currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Edgewood City 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 District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS:

Southwest Ohio Computer Association (SWOCA)

SWOCA is a jointly governed organization among a three county consortium of Ohio school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge, dependent upon the software package utilized.

The governing board of SWOCA is comprised of the superintendent of each of the member districts, plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board.

D. Russell Lee Career Center

The Career Center is a vocational school district, and is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Career Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District.

The District is also part of a group rating plan for worker's compensation insurance, discussed in Note 11.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

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

GOVERNMENTAL FUNDS

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

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

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

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

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

PROPRIETARY FUNDS

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

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

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

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust and Agency Funds. Expendable Trust funds are accounted for in essentially the same manner as Governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency Funds are presented on a budgetary basis with note disclosure, if applicable, regarding items which, in other fund types, would be subject to accrual.

ACCOUNT GROUPS

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

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

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

C. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for tax rate determination.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations during fiscal 2000 were legally enacted by the Board as follows:

	<u>Increase</u>	<u>Decrease</u>
General	\$ 451,557	
Special Revenue	365,370	
Debt Service	26,905	
Capital Projects	2,994,447	
Enterprise	2,131,783	
Expendable Trust		\$ (4,418)
Internal Service	_____	<u>(12,962)</u>
TOTAL	<u>\$5,970,062</u>	<u>\$(17,380)</u>

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end (not recognized as accounts payable) appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are disclosed in note 12.

E. Cash and Investments

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

During fiscal 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, federal agency securities, and money market funds.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and money market funds are reported at cost.

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

Calculation of the Net Increase in the Fair Value of Investments - Aggregate Method

Fair value at June 30, 2000	\$ 15,686,210
Add: Proceeds of investments sold fiscal 2000	9,500,000
Less: Cost of investments purchased	(8,722,554)
Fair value at June 30, 1999	<u>(16,334,190)</u>
 Change in fair value of investments	 <u>\$ 129,466</u>

Investment earnings are assigned to the General fund and other funds authorized by Ohio statute or other legal provision. The following funds were credited with more interest revenue than would have been received based upon their share of the District's investments:

	<u>Interest Actually Received</u>	<u>Interest Bond upon Share of Investments</u>	<u>Interest Assigned from Other Funds</u>
General	\$284,053	\$172,046	\$112,007
<u>Enterprise Fund</u>			
Food Service	138	92	46

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

The District utilizes a financial institution to escrow amounts of retainage for ongoing construction projects. The total amount in escrow was \$141,270 at June 30, 2000. This amount is presented on the combined balance sheet as "Cash with Escrow Agent" since it is not required to be deposited into the District treasury.

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

F. Inventory

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

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

2. Proprietary Funds

Equipment reflected in these funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

Depreciation has been provided, where appropriate, on a straight-line basis (with an estimated 10% salvage value) over the following estimated useful lives:

Asset	Life (years)
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

H. Intergovernmental Revenues

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

Entitlements

General Fund
State Foundation Program
State Property Tax Relief

Debt Service Fund
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds
Teacher Development
Management Information Systems
Title VI-B
Title I
Title VI
Drug-Free Schools
Eisenhower Math and Science
Pre-school for the Handicapped

Non-Reimbursable Grants - (Continued)

Capital Projects Funds
School Net - Infrastructure
Video Distance Learning

Reimbursable Grants

General Fund
School Bus Purchases
Driver Education

Proprietary
National School Lunch Program
National School Breakfast Program
Food Distribution Program

Special Revenue Funds
Telecommunications

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

Class Reduction
School to Work Grant
Ohio Reads
SchoolNet Professional Development

Grants and entitlements amounted to over 38% of the District's operating revenue during the 2000 fiscal year.

I. Compensated Absences

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

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

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

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

J. 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 sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

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

K. Fund Equity

Contributed capital is recorded in Proprietary funds which received capital grants or contributions from other funds. Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, debt service, tax revenue unavailable for appropriation and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

L. Interfund Transactions

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not report transfers of resources as operating transfers.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as “interfund loans receivable or payable”. Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District’s interfund balances for fiscal year 2000 is presented in Note 5.

M. Contributed Capital

Contributed capital reported in the Enterprise funds represents resources provided from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital did not change during fiscal year 2000.

N. Statutory Reserves

The District is required by State law to set-aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 2000	\$ 0	\$ 0	\$247,910
Current year set-aside requirement	353,735	353,735	0
Current year offsets	0	(18,725,368)	0
Qualifying disbursements	<u>(468,881)</u>	<u>0</u>	<u>0</u>
Total, June 30, 2000	<u>(115,146)</u>	<u>(18,371,633)</u>	<u>247,910</u>
Cash balance carried forward to FY 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$247,910</u>

Expenditures for textbook activity during the year totaled \$468,881, which exceeded the amount required for the set-aside.

Offset credits for capital activity during the year totaled \$18,725,368 and this exceeded the amount required for the set-aside. This is a result of debt proceeds for the construction and renovation of school buildings.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$247,910</u>
Total restricted assets	<u>\$247,910</u>

O. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board (GASB) issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented (Exhibit 5) a statement of cash flows for its Proprietary funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

P. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial

Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established. See Note 2. N. for statutory reserves.

R. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances/Retained Earnings

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

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Class Reduction	\$ (5,997)

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

Title VI-B	(11,968)
EHA PreSchool	(8)
School to Work Grant	(238)

Enterprise Funds

Food Service	(112,849)
--------------	-----------

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

NOTE 4 - EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Equity in Pooled Cash, Cash Equivalents and Investments with Escrow Agent: At year end, \$141,270 was on deposit in the District's escrow account and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end the carrying amount of the District's deposits was \$529,540 and the bank balance was \$475,999 (both amounts include \$213,793 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$220,936 was covered by federal deposit insurance.
2. \$255,063 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

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

	Category 3	Fair Value
Federal Agency Securities	\$12,710,580	\$12,710,580
U. S. Treasury Notes	2,975,630	2,975,630
Not Subject to Categorization:		
Investment in STAR Ohio		4,136,093
Money Market Funds		53,481
 Total Investments	 \$15,686,210	 \$19,875,784

The federal agency securities have maturities of August, 2000 and July, 2001.

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

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

	Equity in Pooled Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$ 20,264,054	
Reclassifications:		
Money Market	(53,481)	\$ 53,481
STAR Ohio	(4,136,093)	4,136,093
U.S. Treasury Notes	(2,975,630)	2,975,630
Federal Agency Securities	(12,710,580)	12,710,580
Cash with escrow agent	141,270	
 Per GASB Statement No. 3	 \$ 529,540	 \$19,875,784

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 5 - INTERFUND PAYABLES/RECEIVABLES/TRANSFERS

A. Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

Fund	Interfund Loan Receivable	Interfund Loan (Payable)
General Fund		\$27,449
<u>Special Revenue Funds</u>		
School to Work Grant		\$ (2,739)
Expendable Trust Fund		(94)
<u>Enterprise Funds</u>		
Food Service	(24,616)	_____
Total, All Funds	<u><u>\$27,449</u></u>	<u><u>\$(27,449)</u></u>

B. The following is a reconciliation of the District's operating transfers for 2000:

Fund	Transfers In	Transfers (Out)
General Fund		\$(106,362)
Debt Service Funds	\$ 42,825	
<u>Capital Projects Funds</u>		
Permanent Improvement		
<u>Enterprise Funds</u>		
Food Service	38,069	
Uniform School Supplies	25,468	_____
Total Transfers In/Transfers Out	<u><u>\$106,362</u></u>	<u><u>\$(106,362)</u></u>

NOTE 6 - PROPERTY TAXES

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 6 - PROPERTY TAXES (Continued)

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29%.

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

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

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$179,101,640	56.94	\$208,773,260	60.85
Public Utility Personal	87,472,070	27.66	87,819,600	25.59
Tangible Personal Property	48,717,465	15.40	46,515,946	13.56
	<u>\$316,291,175</u>	<u>100.00</u>	<u>\$343,108,806</u>	<u>100.00</u>

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

Operations	\$32.79	\$32.79
Debt Service	6.69	6.25

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

The Butler County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 6 - PROPERTY TAXES - (Continued)

"advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end. Available tax advances at June 30, 2000 totaled \$460,102 in the General fund, and \$139,362 in the Debt Service fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (rent and student fees), accrued interest and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current & delinquent	\$7,863,890
Interfund loan	27,449
<u>Special Revenue Funds</u>	
Due from other governments	3,000
<u>Debt Service Fund</u>	
Taxes - current and delinquent	1,802,394
<u>Capital Projects Fund</u>	
Accrued Interest	220,108
Due from other governments	9,464

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 1999</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2000</u>
Land/Improvements	\$ 359,684	\$ 53,350		\$ 413,034
Buildings	13,028,263	17,497		13,045,760
Furniture/Equipment	2,424,791	74,952		2,499,743
Vehicles	873,264	59,766	\$(16,579)	916,451
Construction in Progress	<u>187,930</u>	<u>3,633,589</u>	<u> </u>	<u>3,821,519</u>
Total	<u>\$16,873,932</u>	<u>\$3,839,154</u>	<u>\$(16,579)</u>	<u>\$20,696,507</u>

A summary of the Proprietary Funds' fixed assets at June 30, 2000 follows:

	<u>Proprietary</u>
Furniture and Equipment	\$ 227,632
Less Accumulated Depreciation	<u>(152,344)</u>
Net Fixed Assets	<u>\$ 75,288</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of copiers and computer equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Fund Types and Expendable Trust Funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$311,949, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2000 fiscal year totaled \$80,618. This amount is reflected as debt service principal retirement in the General fund.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2000.

<u>General Long-Term Obligations</u>			
<u>Year Ending June 30</u>	<u>Copiers</u>	<u>Computers</u>	<u>Total</u>
2001	\$1,728	\$71,852	\$73,580
2002	<u> </u>	<u>5,996</u>	<u>5,996</u>
Total Future Minimum Lease Payments	<u>\$1,728</u>	<u>\$77,848</u>	<u>79,576</u>
Less: Amount Representing Interest			<u>(2,174)</u>
Present Value of Future Minimum Lease Payments			<u>\$77,402</u>

NOTE 10 - LONG-TERM DEBT

A. General obligation bonds and Energy Conservation notes are general obligations of the District for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from a current 6.25 mill bonded debt levy for the General Obligation bonds and from current operating revenue for the Energy Conservation notes.

B. Series 1999 Refunding General Obligation Bonds

On May 27, 1999, the District issued general obligation bonds (Series 1999 Refunding Bonds) to advance refund the callable portion of the Series 1991 School Improvement General Obligation Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the General Long-Term Obligations Account Group. The outstanding balance of the refunded debt at June 30, 2000 was \$8,098,833.

Included in this issue were Series 1999 School Improvement General Obligation Bonds, authorized by voters of the District in the November, 1998 general election. Bond proceeds will be used for major renovations and additions to three of the District's facilities.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 10 - LONG-TERM DEBT - (Continued)

The par value of this combined issue was \$27,568,576. The refunding bonds have a stated maturity date of December 1, 2015, while the school improvement bonds have a stated maturity date of December 1, 2025. Interest on the bonds ranges from 3.30% to 5.25%, with an average interest rate, over the life of the entire issue, of 4.98%.

- C. The following is a description of the District's long-term general obligation bonds and notes outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 07/01/99</u>	<u>Retired in Fiscal 2000</u>	<u>Balance 06/30/00</u>
Energy Conservation Note	4.84%	8/28/97	03/01/02	\$ 143,518	\$ (35,879)	\$ 107,639
Improvement and Refunding	4.98%	5/27/99	12/01/25	<u>27,568,576</u>	<u>(975,000)</u>	<u>26,593,576</u>
				<u>\$27,712,094</u>	<u>\$(1,010,879)</u>	<u>\$26,701,215</u>

- D. The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

<u>Year Ending June 30</u>	<u>Principal on Energy Conservation Notes</u>	<u>Interest on Energy Conservation Notes</u>	<u>Total</u>
2001	\$ 35,880	\$ 5,210	\$ 41,090
2002	35,879	3,473	39,352
2003	<u>35,880</u>	<u>1,737</u>	<u>37,617</u>
Total	<u>\$107,639</u>	<u>\$10,420</u>	<u>\$118,059</u>

- E. The following is a summary of the District's future annual debt service requirements to maturity for refunding and general obligation bonds:

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 10 - LONG-TERM DEBT - (Continued)

Year Ending June 30	Principal on Refunding Bonds	Interest on Refunding Bonds	General Obligation Bonds	Principal on General Obligation Bonds	Interest on Total
2001	\$ 495,000	\$ 321,685	\$ 270,000	\$ 835,523	\$ 1,922,208
2002	515,000	303,370	385,000	825,533	2,028,903
2003	560,000	283,800	430,000	810,903	2,084,703
2004	555,000	261,960	525,000	794,133	2,136,093
2005	580,000	239,760	575,000	773,133	2,167,893
2006 - 2010	3,285,000	809,170	3,230,000	3,480,275	10,804,445
2011 - 2015	1,979,958	1,167,862	2,532,130	5,142,165	10,822,115
2016 - 2020	128,875	401,125	3,832,613	3,229,906	7,592,519
2021 - 2025			5,635,000	1,198,051	6,833,051
2026			<u>1,080,000</u>	<u>56,700</u>	<u>1,136,700</u>
Total	<u>\$8,098,833</u>	<u>\$3,788,732</u>	<u>\$18,494,743</u>	<u>\$17,146,322</u>	<u>\$47,528,630</u>

F. During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Groups. Compensated absences and the pension obligation will ultimately be paid from the fund from which the employee is paid.

	Balance July 1, 1999	Increase	Decrease	Balance June 30, 2000
Compensated Absences	\$ 850,603	\$178,781	\$ (51,794)	\$ 977,590
Energy Conservation Notes	143,518		(35,879)	107,639
Pension Obligation Payable	94,246	131,133	(94,246)	131,133
General Obligation Bonds	18,974,743		(480,000)	18,494,743
Refunding Bonds	8,593,833		(495,000)	8,098,833
Capital Leases	<u>158,020</u>		<u>(80,618)</u>	<u>77,402</u>
TOTAL	<u>\$28,814,963</u>	<u>\$309,914</u>	<u>\$(1,237,537)</u>	<u>\$27,887,340</u>

G. Legal Debt Margin

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 10 - LONG-TERM DEBT - (Continued)

The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$5,704,246 (including available funds of \$1,418,029) and an unvoted debt margin of \$343,109, and an unvoted energy conservation debt margin of \$2,980,340.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2000, the District purchased commercial coverage for property and general liability insurance, including boilers and machinery with a \$1,000,000 single occurrence limit and a \$1,000 deductible.

Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 annual aggregate/\$2,000,000 single occurrence limit and a \$1,000 per claim deductible. Vehicles are covered by Nationwide Insurance Company and hold a \$500 deductible for comprehensive and a \$500 deductible for collision.

Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded, as are all benefit plans offered to employees.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 1999.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

OSBA WORKER'S COMPENSATION GROUP RATING

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 11 - RISK MANAGEMENT (Continued)

performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform Supplies</u>	<u>Total</u>
Operating Revenue	\$ 715,790	\$ 148,664	\$ 864,454
Depreciation	12,916		12,916
Operating Loss	(353,660)	(15,019)	(368,679)
Non-operating Revenue:			
Operating grants	151,998		151,998
Donated federal commodities	87,544		87,544
Net Income (loss)	(75,911)	10,449	(65,462)
Operating Transfers In	38,069	25,468	63,537
Fixed Assets:			
Additions	1,475		1,475
Net Working Capital	(127,442)	4,346	(123,096)
Total Assets	80,266	5,115	85,381
Long-term liabilities payable from fund revenues	33,473		33,473
Total Fund Equity (Deficit)	(85,627)	4,346	(81,281)
Encumbrances Outstanding as of 6/30/00	185	4,998	5,183

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 13- DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$404,452, \$293,205, and \$263,497, respectively; 59 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$167,382, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. STATE TEACHERS RETIREMENT SYSTEM

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,181,301, \$1,083,848, and \$957,930, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$206,340, which represents the unpaid contribution for fiscal year 2000, 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, members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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 are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$675,029 during the 2000 fiscal year.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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 8.45 percent of covered payroll, an increase from 6.30 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. 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. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$220,411 during the 2000 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING (Continued)

- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable in Governmental funds (GAAP basis).

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

**Excess (Deficiency) of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
Budget Basis	\$(1,649,758)	\$ 39,083	\$(40,544)	\$(10,024,389)
Net Adjustment for Revenue Accruals	(245,543)	(39,088)	139,362	173,009
Net Adjustment for Expenditure Accruals	(220,792)	(35,757)	(42,825)	(1,267,620)
Net Adjustment for Other Sources/Uses	(52,698)	13,503	42,825	(7,439)
Adjustment for Encumbrances	<u>390,041</u>	<u>24,925</u>	<u> </u>	<u>7,245,828</u>
GAAP Basis	<u><u>\$(1,778,750)</u></u>	<u><u>\$ 2,666</u></u>	<u><u>\$ 98,818</u></u>	<u><u>\$ (3,880,611)</u></u>

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 16 - CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

The District is involved in a sex and age discrimination lawsuit with the former Treasurer. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$6,213,811 of school foundation support for its General fund.

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE 16 - CONTINGENT LIABILITIES - (Continued)

State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

NOTE 17 - OUTSTANDING CONTRACTUAL COMMITMENTS

At June 30, 2000, the District had the following outstanding contractual commitments:

Alt & Witzig Engineering	\$ 6,877
Cannon Company	94,531
Gebhart Contractors	606,091
Geiler Company	748,574
J & H Mechanical Contractors	241,408
Nelson Stark Company	1,594,714
Robert A. Saurber Company	1,684,568
Tri-State Computer Exchange	21,000
Voorhis, Slone & Welsh	416,496
Weisberger Electric	544,375

This page intentionally left blank.

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES

JUNE 30, 2000

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$67,099	\$0	\$87,543
National School Breakfast Program	05-PU-99 05-PU-00	10.553	7,504 <u>18,859</u> 26,363		7,504 <u>18,859</u> 26,363	
National School Lunch Program	03-PU-99 03-PU-00 04-PU-99 04-PU-00	10.555	16,897 40,549 25,401 60,199 <u>143,046</u>		16,897 40,549 25,401 60,199 <u>143,046</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			169,409	67,099	169,409	87,543
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-00-P 6B-SF-99-P	84.027	161,197 <u>82,295</u> 243,492		143,373 <u>72,009</u> 215,382	
Total Special Education Grants to States						
Special Education - Preschool Grant	PG-S1-00-P PG-S1-99-P	84.173	2,082		2,082 <u>1,521</u> 3,603	
Total Special Education Preschool Grants			2,082		3,603	
Total Special Education Cluster			245,574		218,985	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00 C1-S1-99	84.010	159,246 <u>44,191</u> 203,437		116,256 <u>40,652</u> 156,908	
Total ESEA Title I						
Eisenhower Professional Development	MS-S1-99	84.281			605	
Goals 2000	G2-S2-99	84.276			10,000	
Safe and Drug-Free Schools	DR-S1-00 DR-S1-99 DR-S1-98	84.186	12,514		9,737 3,944 <u>105</u> 13,786	
Total Safe and Drug Free Schools Grant			12,514		13,786	
Innovative Educational Strategies	C2-S1-00 C2-S1-99	84.298	14,129 <u>1,816</u> 15,945		11,840 <u>1,352</u> 13,192	
Total Innovative Educational Strategies						
Class Size Reduction Subsidy	CR-S1-00	84.340	33,633		33,633	
Learn and Serve America	SV-S2-00	94.004	3,000		2,949	
<i>Passed through the Miami University of Ohio</i>						
School to Work Grant	6074-48 FY00 6074-48 FY98	17.249	971		971 <u>7</u> 978	
Total School to Work Grant			971		978	
Total Department of Education			515,074		451,036	
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program	0900163	93.778	9,794		9,794	
TOTAL FEDERAL ASSISTANCE			\$694,277	\$67,099	\$630,239	\$87,543

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

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had food commodities valued at \$1,191 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Edgewood City School District
Butler County
3500 Busenbark Road
Trenton, OH 45067

To the Board of Education:

We have audited the financial statements of Edgewood City School District, Butler County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated January 29, 2001. 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 the management of the District in a separate letter dated January 29, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated January 29, 2001.

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

This report is intended for the information and use of 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

January 29, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Edgewood City School District
Butler County
3500 Busenbark Road
Trenton, OH 45067

To the Board of Education:

Compliance

We have audited the compliance of Edgewood City School District, Butler 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 programs for the fiscal year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

The management of Edgewood City School 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.

Edgewood City School District
Butler County
Report on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133
Page 2

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

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

January 29, 2001

**EDGEWOOD CITY SCHOOL DISTRICT
BUTLER COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

EDGEWOOD CITY SCHOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2001**