



**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups June 30, 2000	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Similar Fiduciary Funds For the Fiscal Year Ended June 30, 2000	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Fiduciary Funds - For the Fiscal Year Ended June 30, 2000	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Equity Proprietary Fund Type and Similar Fiduciary Funds For the Fiscal Year Ended June 30, 2000	10
Combined Statement of Revenues, Expenditures, and Changes in Fund Equity Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Similar Fiduciary Funds For the Fiscal Year Ended June 30, 2000	11
Combined Statement of Cash Flows - Proprietary Fund Type and Similar Fiduciary Funds For the Fiscal Year Ended June 30, 2000	12
Notes to the Financial Statements - For the Fiscal Year Ended June 30, 2000	13
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	37

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REPORT OF INDEPENDENT ACCOUNTANTS

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 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.

Jim Petro
Auditor of State

January 3, 2001

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LINCOLNVIEW LOCAL SCHOOL DISTRICTS
VAN WERT COUNTY

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

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Cash and Cash Equivalents	\$2,149,493	\$84,171	\$46,457	\$218,877
Restricted Cash	67,335	0	0	0
Receivables:				
Taxes	1,944,010	0	363,208	128,643
Intergovernmental	513,004	0	0	0
Accounts	0	605	0	0
Interfund Receivable	16,500	0	0	0
Prepaid Items	11,504	0	0	0
Inventory	1,274	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Amount available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
Total Assets and Other Debits	<u>\$4,703,120</u>	<u>\$84,776</u>	<u>\$409,665</u>	<u>\$347,520</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$13,012	\$1,285	\$0	\$2,236
Accrued Salaries and Benefits	419,414	6,694	0	0
Compensated Absences Payable	13,106	0	0	0
Interfund Payable	0	16,500	0	0
Intergovernmental Payable	75,827	3,054	0	0
Deferred Revenue	2,279,594	0	331,243	117,368
Due to Students	0	0	0	0
Bonds Payable	0	0	0	0
Total Liabilities	<u>2,800,953</u>	<u>27,533</u>	<u>331,243</u>	<u>119,604</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Designated				
Designated for Budget Stabilization	18,925	0	0	0
Reserved:				
Reserved for Encumbrances	9,986	2,644	0	85,406
Reserved for Inventory	1,274	0	0	0
Reserved for Prepaid Items	11,504	0	0	0
Reserved for Property Taxes	169,866	0	31,965	11,275
Reserved for Debt Service	0	0	46,457	0
Reserved for Principal	0	0	0	0
Reserved for Budget Stabilization	67,335	0	0	0
Unreserved Fund Balance	1,623,277	54,599	0	131,235
Total Fund Equity and Other Credits	<u>1,902,167</u>	<u>57,243</u>	<u>78,422</u>	<u>227,916</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$4,703,120</u>	<u>\$84,776</u>	<u>\$409,665</u>	<u>\$347,520</u>

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$51,851	\$40,465	\$0	\$0	\$2,591,314
0	0	0	0	67,335
0	0	0	0	2,435,861
0	0	0	0	513,004
530	0	0	0	1,135
0	0	0	0	16,500
0	0	0	0	11,504
3,234	0	0	0	4,508
133,690	0	9,213,778	0	9,347,468
0	0	0	78,422	78,422
0	0	0	6,084,509	6,084,509
<u>\$189,305</u>	<u>\$40,465</u>	<u>\$9,213,778</u>	<u>\$6,162,931</u>	<u>\$21,151,560</u>
\$0	\$19	\$0	\$0	\$16,552
7,345	0	0	0	433,453
5,401	0	0	243,790	262,297
0	0	0	0	16,500
9,074	0	0	40,390	128,345
2,126	0	0	0	2,730,331
0	37,003	0	0	37,003
0	0	0	5,878,751	5,878,751
<u>23,946</u>	<u>37,022</u>	<u>0</u>	<u>6,162,931</u>	<u>9,503,232</u>
0	0	9,213,778	0	9,213,778
136,940	0	0	0	136,940
28,419	0	0	0	28,419
0	0	0	0	18,925
0	0	0	0	98,036
0	0	0	0	1,274
0	0	0	0	11,504
0	0	0	0	213,106
0	0	0	0	46,457
0	1,000	0	0	1,000
0	0	0	0	67,335
0	2,443	0	0	1,811,554
<u>165,359</u>	<u>3,443</u>	<u>9,213,778</u>	<u>0</u>	<u>11,648,328</u>
<u>\$189,305</u>	<u>\$40,465</u>	<u>\$9,213,778</u>	<u>\$6,162,931</u>	<u>\$21,151,560</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Taxes	\$1,958,269	\$0	\$368,152	\$130,146	\$0	\$2,456,567
Tuition and Fees	352,431	3,759	0	0	0	356,190
Intergovernmental	2,597,112	210,465	41,399	21,986	0	2,870,962
Interest	167,068	569	0	26,872	0	194,509
Rent	2,094	0	0	0	0	2,094
Extracurricular Activities	0	91,328	0	0	0	91,328
Gifts and Donations	4,802	19,423	0	0	1,222	25,447
Miscellaneous	12,790	36,106	0	0	0	48,896
Total Revenues	5,094,566	361,650	409,551	179,004	1,222	6,045,993
Expenditures:						
Current:						
Instruction:						
Regular	2,131,793	25,255	0	48,569	0	2,205,617
Special	723,974	153,158	0	0	0	877,132
Vocational	127,042	0	0	0	0	127,042
Other	24,889	0	0	0	0	24,889
Support Services:						
Pupils	132,278	16,502	0	0	0	148,780
Instruction	144,670	19,087	0	0	0	163,757
Board of Education	18,293	0	0	0	0	18,293
Administration	542,466	42,755	0	0	936	586,157
Fiscal	173,850	3,285	9,617	4,715	0	191,467
Operation and Maintenance	376,243	2,710	0	11,861	0	390,814
Transportation	306,598	65	0	39,840	0	346,503
Central Services	7,588	0	0	0	0	7,588
Extracurricular Activities	94,147	106,887	0	0	0	201,034
Capital Outlay	0	0	0	822,412	0	822,412
Debt Service:						
Principal	0	0	85,000	0	0	85,000
Interest	0	0	308,477	0	0	308,477
Total Expenditures	4,803,831	369,704	403,094	927,397	936	6,504,962
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>290,735</u>	<u>(8,054)</u>	<u>6,457</u>	<u>(748,393)</u>	<u>286</u>	<u>(458,969)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	77,281	0	0	0	0	77,281
Operating Transfers In	0	0	0	24,643	0	24,643
Operating Transfers Out	0	0	0	(24,643)	0	(24,643)
Total Other Financing Sources (Uses)	77,281	0	0	0	0	77,281
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	368,016	(8,054)	6,457	(748,393)	286	(381,688)
Fund Balances (Deficits) at Beginning of Year	<u>1,534,151</u>	<u>65,297</u>	<u>71,965</u>	<u>976,309</u>	<u>1,857</u>	<u>2,649,579</u>
Fund Balances (Deficits) at End of Year	<u>\$1,902,167</u>	<u>\$57,243</u>	<u>\$78,422</u>	<u>\$227,916</u>	<u>\$2,143</u>	<u>\$2,267,891</u>

The accompanying notes are an integral part of the financial statements.

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**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	General Fund		Governmental Fund Types			
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Special Revenue Funds		
				Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$1,858,236	\$1,951,675	\$93,439	\$0	\$0	\$0
Tuition and Fees	523,723	423,550	(100,173)	2,900	3,759	859
Intergovernmental	2,477,292	2,598,112	120,820	255,712	210,465	(45,247)
Interest	119,884	167,068	47,184	338	569	231
Rent	5,360	2,094	(3,266)	0	0	0
Extracurricular Activities	0	0	0	83,774	90,759	6,985
Gifts and Donations	34,489	4,802	(29,687)	27,667	19,823	(7,844)
Miscellaneous	9,159	12,790	3,631	36,221	36,552	331
Total Revenues	5,028,143	5,160,091	131,948	406,612	361,927	(44,685)
Expenditures:						
Current:						
Instruction:						
Regular	2,242,211	2,174,130	68,081	25,110	25,258	(148)
Special	763,014	737,070	25,944	183,232	155,632	27,600
Vocational	127,647	130,115	(2,468)	0	0	0
Other	31,500	24,889	6,611	0	0	0
Support Services:						
Pupils	145,999	137,362	8,637	16,683	16,502	181
Instruction	141,299	148,172	(6,873)	25,222	19,100	6,122
Board of Education	27,960	18,203	9,757	0	0	0
Administration	560,277	555,380	4,897	44,406	43,600	806
Fiscal	178,118	178,450	(332)	3,244	3,265	(21)
Operation and Maintenance	373,104	395,757	(22,653)	3,000	2,710	290
Transportation	367,406	365,209	2,197	105	65	40
Central Services	6,745	7,770	(1,025)	0	0	0
Extracurricular Activities	93,907	97,179	(3,272)	118,775	110,459	8,316
Capital Outlay	0	0	0	0	0	0
Debt Service						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
Total Expenditures	5,059,187	4,969,686	89,501	419,777	376,591	43,186
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,044)	190,405	221,449	(13,165)	(14,664)	(1,499)
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	77,545	77,545	0	0	0
Refund of Prior Year Expenditures	2,475	6,170	3,695	0	0	0
Advances In	0	13,374	13,374	0	16,500	16,500
Refund of Prior Year Receipts	(1,000)	(1,000)	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Advances Out	(20,000)	(16,500)	3,500	(13,374)	(13,374)	0
Other Financing Uses:	(101,425)	0	101,425	0	0	0
Total Other Financing Sources (Uses)	(119,950)	79,589	199,539	(13,374)	3,126	16,500
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(150,994)	269,994	420,988	(26,539)	(11,538)	15,001
Fund Balances (Deficit) at Beginning of Year	1,832,640	1,832,640	0	81,364	81,364	0
Prior Year Encumbrances Appropriated	91,278	91,278	0	10,416	10,416	0
Fund Balances (Deficit) at End of Year	\$1,772,924	\$2,193,912	\$420,988	\$65,241	\$80,242	\$15,001

The accompanying notes are an integral part of the financial statements.

Governmental Fund Types						Fiduciary Fund Types		
Debt Service Funds			Capital Projects Fund			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$353,016	\$367,243	\$14,227	\$124,978	\$129,902	\$4,924	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
41,000	41,399	399	22,500	21,987	(513)	0	0	0
0	0	0	26,872	26,872	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,492	1,222	(270)
0	0	0	0	0	0	0	0	0
394,016	408,642	14,626	174,350	178,761	4,411	1,492	1,222	(270)
0	0	0	47,500	48,569	(1,069)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,150	1,227	923
10,000	9,617	383	13,750	4,715	9,035	0	0	0
0	0	0	16,945	11,861	5,084	0	0	0
0	0	0	49,765	39,840	9,925	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,714,929	1,677,987	36,942	0	0	0
85,000	85,000	0	0	0	0	0	0	0
308,478	308,478	0	0	0	0	0	0	0
403,478	403,095	383	1,842,889	1,782,972	59,917	2,150	1,227	923
(9,462)	5,547	15,009	(1,668,539)	(1,604,211)	64,328	(658)	(5)	653
0	0	0	0	24,643	24,643	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	(24,643)	(24,643)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(9,462)	5,547	15,009	(1,668,539)	(1,604,211)	64,328	(658)	(5)	653
40,910	40,910	0	1,302,347	1,302,347	0	1,857	1,857	0
0	0	0	433,389	433,389	0	0	0	0
\$31,448	\$46,457	\$15,009	\$67,197	\$131,525	\$64,328	\$1,199	\$1,852	\$653

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

	Proprietary Fund Type	Fiduciary Funds	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Sales	\$169,379	\$0	\$169,379
Tuition	16,613	0	16,613
Other Revenues	438	0	438
	<hr/>	<hr/>	<hr/>
Total Operating Revenue	186,430	0	186,430
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Salaries	84,754	0	84,754
Fringe Benefits	18,353	0	18,353
Purchased Services	2,393	0	2,393
Materials and Supplies	118,221	0	118,221
Depreciation	8,165	0	8,165
Other	140	0	140
Capital Outlay	1,240	0	1,240
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	233,266	0	233,266
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	(46,836)	0	(46,836)
	<hr/>	<hr/>	<hr/>
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	15,941	0	15,941
Interest	16	67	83
Federal and State Subsidies	39,963	0	39,963
Loss on Sale of Fixed Assets	(5,081)	0	(5,081)
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues and (Expenses)	50,839	67	50,906
	<hr/>	<hr/>	<hr/>
Net Income (Loss)	4,003	67	4,070
	<hr/>	<hr/>	<hr/>
Retained Earnings / Fund Balance at Beginning of Year	24,416	1,233	25,649
Retained Earnings / Fund Balance at End of Year	28,419	1,300	29,719
	<hr/>	<hr/>	<hr/>
Contributed Capital at Beginning of Year	0	0	0
Contributions during the Year	136,940	0	136,940
Contributed Capital at End of Year	136,940	0	136,940
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	\$165,359	\$1,300	\$166,659
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

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

	<u>Proprietary Fund Type</u>			<u>Fiduciary Funds</u>		
	<u>Enterprise Funds</u>			<u>Non-Expendable Trust Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Sales	\$163,716	\$169,223	\$5,507	\$0	\$0	\$0
Intergovernmental	44,704	39,963	(4,741)	0	0	0
Tuition	16,078	16,411	333	0	0	0
Interest	3	16	13	59	67	8
Miscellaneous	422	420	(2)	0	0	0
Refund of Prior Year Expense	77	156	79	0	0	0
Total Revenues	<u>225,000</u>	<u>226,189</u>	<u>1,189</u>	<u>59</u>	<u>67</u>	<u>8</u>
Expenditures:						
Salaries	93,550	89,370	4,180	0	0	0
Fringe Benefits	19,400	18,657	743	0	0	0
Purchased Services	2,800	2,393	407	0	0	0
Materials and Supplies	107,275	101,630	5,645	0	0	0
Other	300	140	160	0	0	0
Capital Outlay	500	1,240	(740)	0	0	0
Total Expenditures	<u>223,825</u>	<u>213,430</u>	<u>10,395</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,175</u>	<u>12,759</u>	<u>11,584</u>	<u>59</u>	<u>67</u>	<u>8</u>
Fund Balance beginning of Year	38,169	38,169	0	1,233	1,233	0
Prior Year Encumbrances Appropriated	625	625	0	0	0	0
Fund Balance end of Year	<u>\$39,969</u>	<u>\$51,553</u>	<u>\$11,584</u>	<u>\$1,292</u>	<u>\$1,300</u>	<u>\$8</u>

The accompanying notes are an integral part of the financial statements.

LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY

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

	Proprietary Fund Type	Fiduciary Funds	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$186,210	\$0	\$186,210
Cash Payments to Suppliers for Goods and Services	(105,104)	0	(105,104)
Cash Payments to Employees for Services	(89,370)	0	(89,370)
Cash Payments for Employee Benefits	(18,657)	0	(18,657)
Net Cash Provided by (Used for) Operating Activities	(26,921)	0	(26,921)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	39,963	0	39,963
Advances To Other Funds	0	0	0
Interest	16	67	83
Net Cash Provided by (Used for) Noncapital Financing Activities	39,979	67	40,046
Net Increase (Decrease) in Cash and Cash Equivalents	13,058	67	13,125
Cash and Cash Equivalents at Beginning of Year	38,794	1,233	40,027
Cash and Cash Equivalents at End of Year	\$51,852	\$1,300	\$53,152
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(\$46,836)	\$0	(\$46,836)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	8,165	0	8,165
Donated Commodities Used During Year	15,941	0	15,941
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(220)	0	(220)
(Increase)/Decrease in Commodities Inventory	1,910	0	1,910
Increase/(Decrease) in Accounts Payable	0	0	0
Increase/(Decrease) in Accrued Salaries and Benefits	(4,875)	0	(4,875)
Increase/(Decrease) in Compensated Absences Payable	791	0	791
Increase/(Decrease) in Intergovernmental Payables	(836)	0	(836)
Increase/(Decrease) in Deferred Revenue	(961)	0	(961)
Total Adjustments	19,915	0	19,915
Net Cash Provided by Operating Activities	(\$26,921)	\$0	(\$26,921)
Reconciliation of Trust and Agency Funds:			
Cash and Cash Equivalents - All Fiduciary Funds	\$40,465		
Cash and Cash Equivalents - All Agency Funds	(37,022)		
Cash and Cash Equivalents - All Expendable Trust Funds	(2,143)		
Cash and Cash Equivalents - All Non-expendable Trust Funds	\$1,300		

Non-Cash Capital Transactions:

During fiscal year 2000, the Food Service enterprise fund received fixed assets that were purchased in the School District's governmental funds, in the amount of \$136,940.

The accompanying notes are an integral part of the financial statements.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in rural farm land within Van Wert County, consisting of residences. The School District is the 531st largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 41 non-certificated employees and 71 certificated full-time teaching personnel who provide services to 865 students and other community members.

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

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

The School District is associated with two organizations which are defined as jointly governed organizations, and two public entity risk pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Van Wert Area School Insurance Group (VWASIG). These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types:

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

Enterprise Funds

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

3. Fiduciary Fund Types:

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

4. Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

1. Tax Budget

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

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

2. Estimated Resources

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

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

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

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

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

5. Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2000, investments were limited to certificates of deposit and investment in STAR Ohio.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$167,068 which includes \$10,539 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

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

G. Restricted Assets

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

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

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

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

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

- Special Revenue Funds
- Education Management Information Systems
- Early Childhood Education Development - Latchkey
- Title I
- Title VI
- Title VI-B
- Teacher Development Grant
- Education for Economic Security Act (EESA) and National Defense Education Act (NDEA) [Eisenhower Grant]

Capital Projects Funds

- School Net Plus
- Technology Equity

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlement amounted to approximately 46% of the District's operating revenue during FY00.

J. Interfund Assets/Liabilities

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

L. Accrued Liabilities and Long-Term Obligations

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Contributed Capital

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

N. Bond Premiums and Discounts

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

O. Interfund Transactions

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

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

P. Fund Balance Reserves and Designations

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

The reserve for budget stabilization represents money required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designations for budget stabilization in the general fund represents revenues set aside that exceed statutorily required amounts.

Q. Total Columns on General Purpose Financial Statements

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP basis - fund balance	\$1,902,167	\$57,243	\$78,422	\$227,916	\$2,143
Adjustment for GAAP basis:					
Accrued revenues/prepaid expenses	(2,486,292)	(605)	(363,208)	(128,643)	0
Accrued expenditures/deferred revenue	2,800,953	27,533	331,243	119,604	0
Encumbrances outstanding (budget basis)	<u>(22,916)</u>	<u>(3,929)</u>	<u>0</u>	<u>(87,352)</u>	<u>(291)</u>
Budget basis - fund balance	<u>\$2,193,912</u>	<u>\$ 80,242</u>	<u>\$ 46,457</u>	<u>\$ 131,525</u>	<u>\$1,852</u>

	<u>Enterprise</u>	<u>Non-Expendable Trust</u>
GAAP basis	\$165,359	\$1,300
Increased (Decrease) due to:		
Revenue accruals	(134,220)	0
Expenses accruals	23,946	0
Materials and supplies inventory	(3,234)	0
Encumbrances Outstanding	<u>(298)</u>	<u>0</u>
Budget basis	<u>\$ 51,553</u>	<u>\$1,300</u>

4. DEPOSITS AND INVESTMENTS

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

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

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

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

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

Interim monies may be invested in the following obligations. In general, investments must mature or be redeemable within two years from the date of purchase:

1. United States treasury notes, bills, bonds, or other obligations 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the School District had \$290 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$626,040 and the bank balance was \$842,200. \$292,200 was covered by federal depository insurance. \$550,000 was unpledged and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments - The School's investments to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

	1	2	3	Carrying Amount	Fair Value
Repurchase Agreement	0	0	\$157,350	\$157,350	\$157,350
Investments not subject to categorization: STAROHIO					<u>\$1,874,969</u>
Total Investments					<u><u>\$2,032,319</u></u>

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$2,658,649	\$0
Cash on Hand	(290)	0
Repurchase Agreements	(157,350)	157,350
Investments:		
STAR Ohio	<u>(1,874,969)</u>	<u>1,874,969</u>
GASB Statement 3	<u>\$ 626,040</u>	<u>\$2,032,319</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

5. PROPERTY TAXES

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

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

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible 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, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance as of June 30, 2000 was \$169,866 in the General Fund, \$31,965 in the Debt Service Fund, and \$11,275 in the Capital Projects Fund.

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

	1999 Second Half Collections		2000 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Residential/Agricultural and Other Real Estate	\$49,544,550	86.59%	\$59,329,170	88.69%
Public Utilities Personal	4,945,410	8.64	4,690,980	7.01
Tangible Personal Property	<u>2,726,910</u>	<u>4.77</u>	<u>2,872,610</u>	<u>4.30</u>
Total Valuation	<u>\$57,216,870</u>	<u>100%</u>	<u>\$66,892,760</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$55.80		\$54.90	

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

6. RECEIVABLES

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

A summary of the receivables follows:

		Amounts
General	Taxes	\$1,944,010
	Interfund	16,500
	Intergovernmental	513,004
Special Revenue Funds	Accounts	605
Debt Service Funds	Taxes	363,208
Capital Projects Funds	Taxes	128,643
Enterprise Funds	Accounts	<u>530</u>
Total Receivables		<u><u>\$2,966,500</u></u>

7. FIXED ASSETS

A summary of the Proprietary Fund property, plant, and equipment at June 30, 2000, is as follows:

	<u>Balance June 30, 2000</u>
Furniture and Equipment	\$160,268
Less: Accumulated Depreciation to June 30, 2000	<u>(26,578)</u>
Net Fixed Assets - Proprietary Funds	<u>\$ 133,690</u>

A summary of the general fixed assets follows:

	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$ 476,210	\$ 450,682	\$ 127,371	\$ 799,521
Building	1,192,864	5,417,588	199,493	6,410,959
Furniture and Equipment	928,283	308,778	80,103	1,156,958
Vehicles	779,836	141,026	108,880	811,982
Construction in Progress	<u>5,147,972</u>	<u>34,358</u>	<u>5,147,972</u>	<u>34,358</u>
Total	<u>\$8,525,165</u>	<u>\$6,352,432</u>	<u>\$5,663,819</u>	<u>\$9,213,778</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

7. FIXED ASSETS (Continued)

Management has decided it would not be feasible to track the inventory and accurately assess the cost of the textbooks; therefore, they are not reported in the furniture and equipment account.

8. RISK MANAGEMENT

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with the Nationwide Insurance Company for property and general liability insurance and boiler and machinery insurance. Professional liability is protected by Nationwide Insurance Company with \$2,000,000 each occurrence, \$5,000,000 in annual aggregate limit, with a \$3,000,000 umbrella policy.

Vehicles are also covered by Nationwide Insurance Company. Automobile liability has a \$2,000,000 combined single limit of liability.

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

Public officials bond insurance is provided by the Nationwide Insurance Company.

The School District is a member of the Van Wert Area School Insurance Group (VWASIG) a cooperative group of Van Wert County Schools established to provide a self-insurance fund to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Calends, Inc. of Fort Wayne, Indiana, with the Van Wert City Schools serving as fiscal agent.

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Lincolnview Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute 14 percent; 5.5 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$100,744, \$94,547, and \$90,995 respectively; 45% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998. \$21,620 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds and the general long-term obligations account group.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The Lincolnview Local School 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, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$391,705, \$206,714, and \$339,233 respectively; 82% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998. \$30,247 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability in respective funds and the general long-term obligations account group.

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, three members of the Board of Education have elected social security with the other two contributing to SERS. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physician 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 on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care costs 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. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District, the amount to fund health care benefits equaled \$223,831 during the 2000 fiscal year. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

10. POSTEMPLOYMENT BENEFITS (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established as \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$70,375 during the 2000 fiscal year. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. The number of participants currently receiving health care benefits is 51,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984.

11. EMPLOYEE BENEFITS

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 45 days for certified employees.

12. LONG-TERM DEBT

Long-term obligations of the School District at June 30, 2000 consisted of the following:

	Principal Outstanding <u>6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/00</u>
Bond Issue:				
Maturing 12-1-25	\$5,875,000	\$0	\$ 85,000	\$5,790,000
Capital Appreciation Bonds	77,809	10,942	0	88,751
Capital Lease Payable	2,109	0	2,109	0
Intergovernmental Payable	50,705	0	10,315	40,390
Compensated Absences	<u>199,735</u>	<u>44,055</u>	<u>0</u>	<u>243,790</u>
Total General Long-Term Obligations	<u>\$6,205,358</u>	<u>\$54,997</u>	<u>\$97,424</u>	<u>\$6,162,931</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

12. LONG-TERM DEBT (Continued)

Compensated absences and intergovernmental payable will be paid from the fund which the person is paid. Compensated absences, additions and deductions have been netted because the calculations are estimates making it impractical to determine.

General Obligation Bond - On August 27, 1997, Lincolnview Local School District issued \$5,936,180 in school improvement bonds for the purpose of constructing a K-6 elementary building for the School District, under the authority of Ohio Revised Code Section 3317.22. The bond issue included serial, term and capital appreciation bonds in the amount of \$1,615,000, \$4,260,000 and \$61,180, respectively. The bonds were issued with final maturity during fiscal year 2025. The bonds will be retired from the debt service fund.

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

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 90,000	\$ 304,845	\$ 394,845
2002	100,000	300,805	400,805
2003	110,000	296,235	406,235
2004	115,000	291,228	406,228
2005	125,000	285,765	410,765
2006-2010	795,000	1,325,018	2,120,018
2011-2015	650,000	683,261	1,333,261
2016-2020	1,470,000	855,252	
2021-2025	2,055,000	373,864	2,325,252
2026	<u>280,000</u>	<u>7,700</u>	<u>2,428,864</u>
			<u>287,700</u>
Total	<u>\$5,790,000</u>	<u>\$4,723,973</u>	<u>\$10,513,973</u>

The capital appreciation bonds will mature in fiscal years 2011 and 2012. The maturity amount of the bonds is \$210,000 and \$215,000 respectively. For the fiscal year 2000, \$10,942 was accreted for a total bond value of \$88,751.

13. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

Interfund Receivable/Payable	Receivable	Payable
General	\$16,500	\$ 0
Special Revenue Fund	<u>0</u>	<u>16,500</u>
Total	<u>\$16,500</u>	<u>\$16,500</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

14. SERVICE CONTRACT COMMITMENTS

Lincolnview Local School District has entered into contracts with the STARR Commonwealth Schools and the Marsh Foundation. The students who attend these schools are by court order or other agency. These two schools are located in the Lincolnview Local School District and these students are entitled to an education from Lincolnview by state law. The School District provides material and teaching personnel for the education of these students. They are then reimbursed for these costs at the end of the fiscal year.

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and before and after school child care (Latchkey). The table below summarizes the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Latchkey</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$143,653	\$25,744	\$17,033	\$186,430
Operating Expenses				
before Depreciation	182,316	26,966	15,819	225,101
Depreciation	8,165	0	0	8,165
Operating Income (Loss)	(46,828)	(1,222)	1,214	(46,836)
Donated Commodities	15,941	0	0	15,941
Operating Grants	39,963	0	0	39,963
Interest	16	0	0	16
Capital Contributions	136,940	0	0	136,940
Fixed Asset Additions	136,940	0	0	136,940
Loss on Disposal of Fixed Assets	5,081	0	0	5,081
Net Income (Loss)	4,011	(1,222)	1,214	4,003
Net Working Capital	25,731	7,876	3,463	37,070
Total Assets	176,789	7,876	4,640	189,305
Total Equity	154,020	7,876	3,463	165,359
Encumbrances Outstanding at June 30, 2000	\$0	\$ 92	\$ 206	\$ 298

16. JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven 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 administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804-1241.

Vantage Joint Vocational School - The Vantage Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vantage Joint Vocational School at 818 North Franklin Street, Van Wert, Ohio 45891.

17. GROUP PURCHASING POOLS

Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan - The District participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Northwest Ohio Area Computer Service Cooperative as a group insurance purchasing pool. The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to cover the costs of administering the program.

Van Wert Area School Insurance Group (VWASIG) - The School District is a member of the Van Wert Area School Insurance Group (VWASIG) a cooperative group of Van Wert County Schools established to provide a self-insurance fund to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Calends Inc. of Fort Wayne, Indiana, with Van Wert City Schools acting as the fiscal agent.

18. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in 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 School District received \$2,298,427 of school foundation support for its General Fund.

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

18. STATE SCHOOL FUNDING DECISION (Continued)

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

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

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

19. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the District was not required to set aside any general fund revenues due to the fact that they did not have a 3% increase in revenues. During fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance 7/1/99	\$0	\$0	52,154	52,154
Required Set Aside	102,318	102,318	34,363	238,999
Offset Credits	0	(133,132)	0	(133,132)
Workers Compensation Offset	0	0	(19,182)	(19,182)
Qualifying Expenditures	<u>(131,577)</u>	<u>(111,347)</u>	<u>0</u>	<u>(242,924)</u>
Total	<u>(29,259)</u>	<u>(142,161)</u>	<u>67,335</u>	<u>(104,085)</u>
Set Aside Cash Balance Carried forward to year 2001	<u>(29,259)</u>	<u>0</u>	<u>67,335</u>	<u>38,076</u>
Set Aside Reserve Balance June 30, 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$67,335</u>	<u>\$ 67,335</u>

**LINCOLNVIEW LOCAL SCHOOL DISTRICT
VAN WERT COUNTY**

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

19. STATUTORY RESERVES (Continued)

Although the School District had offsets and qualifying disbursements for the textbooks and instructional materials and capital maintenance during the year that reduced the set aside amounts to below zero, the extra amount for capital maintenance may not be used to reduce the set aside requirement of future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

20. CONTINGENCIES

Grants

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



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Lincolnview Local School District
Van Wert County
15945 Middle Point Road
Van Wert, Ohio 45891

To the Board of Education:

We have audited the financial statements of Lincolnview Local School District, Van Wert County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 3, 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 is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated January 3, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 3, 2001.

Lincolnview Local School District
Van Wert County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

January 3, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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LINCOLNVIEW LOCAL SCHOOL DISTRICT

VAN WERT 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
JANUARY 30, 2001**