

**LOUDONVILLE-PERRYSVILLE
EXEMPTED VILLAGE SCHOOL DISTRICT**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000**



STATE OF OHIO
OFFICE OF THE AUDITOR

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To Board of Education
Loudonville-Perrysville Exempted Village School District
Loudonville, OH 44842

We have reviewed the Independent Auditor's Report of the Loudonville-Perrysville Exempted Village School District, Ashland County, prepared by Rea & Associates, Inc., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Loudonville-Perrysville Exempted Village School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 26, 2000

**LOUDONVILLE-PERRYSVILLE
EXEMPTED VILLAGE SCHOOL DISTRICT
LOUDONVILLE, OHIO**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2000

The Board of Education
Loudonville-Perrysville Exempted Village School District
Loudonville, OH 44842

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Loudonville-Perrysville Exempted Village School 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose 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 Loudonville-Perrysville Exempted Village School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

**LOUDONVILLE-PERRYSVILLE EXEMPTED
VILLAGE SCHOOL DISTRICT**

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 683,329	\$ 53,193	\$ 50,438
Equity in Restricted Cash	79,969	0	0
Receivables:			
Taxes	4,305,783	0	110,439
Accounts	13,632	0	0
Interfund	1,917	0	0
Interest	2,850	0	0
Intergovernmental	6,555	0	0
Prepaid Items	479	0	0
Inventory Held for Resale	0	0	0
Fixed Assets (Net)	0	0	0
<u>Other Debits</u>			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$ 5,094,514	\$ 53,193	\$ 160,877
<u>Liabilities</u>			
Accounts Payable	\$ 22,042	\$ 2,215	\$ 0
Contracts Payable	0	0	16,590
Accrued Wages and Benefits	652,456	18,566	0
Compensated Absences Payable	46,719	334	0
Interfund Payable	0	0	1,917
Intergovernmental Payable	125,127	4,006	0
Deferred Revenue	3,170,245	0	98,049
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Lease Payable	0	0	0
Energy Conservation Loan Payable	0	0	0
Asbestos Removal Loan Payable	0	0	0
Total Liabilities	4,016,589	25,121	116,556
<u>Fund Equity and Other Credits</u>			
Investment in General Fixed Assets	0	0	0
Retained Earnings	0	0	0
Fund Balance (Deficit):			
Reserved for Encumbrances	64,389	9,260	37,927
Reserve for Budget Stabilization	61,863	0	0
Reserve for Text Books	18,106	0	0
Reserved for Taxes Unavailable for Appropriation	400,594	0	12,390
Unreserved:			
Undesignated	532,973	18,812	(5,996)
Total Fund Equity and Other Credits	1,077,925	28,072	44,321
Total Liabilities, Fund Equity and Other Credits	\$ 5,094,514	\$ 53,193	\$ 160,877

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 28,357	\$ 151,019	\$ 46,300	\$ 0	\$ 0	\$ 1,012,636
0	0	0	0	0	79,969
0	0	0	0	0	4,416,222
0	288	0	0	0	13,920
0	0	0	0	0	1,917
0	0	0	0	0	2,850
0	0	0	0	0	6,555
32	0	0	0	0	511
11,217	0	0	0	0	11,217
1,725	0	0	8,604,462	0	8,606,187
0	0	0	0	1,277,948	1,277,948
<u>\$ 41,331</u>	<u>\$ 151,307</u>	<u>\$ 46,300</u>	<u>\$ 8,604,462</u>	<u>\$ 1,277,948</u>	<u>\$ 15,429,932</u>
\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 24,257
0	0	0	0	0	16,590
19,892	0	0	0	0	690,914
18,126	0	0	0	851,788	916,967
0	0	0	0	0	1,917
10,606	0	0	0	56,194	195,933
5,541	0	0	0	0	3,273,835
0	0	32,768	0	0	32,768
0	75,929	0	0	0	75,929
0	0	0	0	127,643	127,643
0	0	0	0	86,079	86,079
0	0	0	0	156,244	156,244
<u>54,165</u>	<u>75,929</u>	<u>32,768</u>	<u>0</u>	<u>1,277,948</u>	<u>5,599,076</u>
0	0	0	8,604,462	0	8,604,462
(12,834)	75,378	0	0	0	62,544
0	0	2,000	0	0	113,576
0	0	0	0	0	61,863
0	0	0	0	0	18,106
0	0	0	0	0	412,984
0	0	11,532	0	0	557,321
<u>(12,834)</u>	<u>75,378</u>	<u>13,532</u>	<u>8,604,462</u>	<u>0</u>	<u>9,830,856</u>
<u>\$ 41,331</u>	<u>\$ 151,307</u>	<u>\$ 46,300</u>	<u>\$ 8,604,462</u>	<u>\$ 1,277,948</u>	<u>\$ 15,429,932</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED
VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*
All Governmental Fund Types and Expendable Trust Fund

For the Year Ended June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 4,513,501	\$ 0	\$ 0	\$ 103,687
Intergovernmental	3,716,530	250,362	0	8,240
Investment Income	62,815	0	0	0
Tuition and Fees	111,834	0	0	0
Extracurricular Activities	0	148,310	0	0
Miscellaneous	12,563	0	0	0
Total Revenues	8,417,243	398,672	0	111,927
Expenditures				
Current				
Instruction:				
Regular	3,670,247	60,864	0	0
Special	494,195	158,209	0	0
Vocational	308,154	1,684	0	773
Other	69,945	0	0	0
Support Services:				
Pupils	272,123	5,986	0	0
Instructional Staff	234,243	47,265	0	0
Board of Education	10,620	0	0	0
Administration	703,418	64,255	0	29
Fiscal	167,001	1,959	0	1,784
Operation and Maintenance of Plant	675,973	120	0	16,590
Pupil Transportation	482,916	0	0	0
Central	40,207	5,000	0	10,603
Extracurricular Activities	176,195	83,234	0	0
Capital Outlay	176,136	0	0	0
Debt Service:				
Principal Retirement	69,104	0	136,976	0
Interest and Fiscal Charges	3,382	0	10,322	0
Total Expenditures	7,553,859	428,576	147,298	29,779
Excess of Revenues Over (Under) Expenditures	863,384	(29,904)	(147,298)	82,148
Other Financing Sources (Uses)				
Proceeds From Sale of Fixed Assets	982	0	0	0
Proceeds From Capital Lease	181,785	4,324	0	0
Operating Transfers In	0	11,000	147,298	0
Operating Transfers Out	(63,191)	0	0	(95,107)
Total Other Financing Sources (Uses)	119,576	15,324	147,298	(95,107)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	982,960	(14,580)	0	(12,959)
Fund Balance at Beginning Of Year	94,965	42,652	0	57,280
Fund Balance at End of Year	\$ 1,077,925	\$ 28,072	\$ 0	\$ 44,321

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

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$ 0	\$ 4,617,188
0	3,975,132
0	62,815
0	111,834
0	148,310
9,884	22,447
<u>9,884</u>	<u>8,937,726</u>
67,768	3,798,879
0	652,404
0	310,611
0	69,945
0	278,109
0	281,508
0	10,620
0	767,702
0	170,744
30,436	723,119
0	482,916
6,000	61,810
0	259,429
0	176,136
0	206,080
0	13,704
<u>104,204</u>	<u>8,263,716</u>
(94,320)	674,010
0	982
0	186,109
0	158,298
0	(158,298)
<u>0</u>	<u>187,091</u>
(94,320)	861,101
<u>107,852</u>	<u>302,749</u>
<u>\$ 13,532</u>	<u>\$ 1,163,850</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED
VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Fund*

For the Year Ended June 30, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 4,004,661	\$ 4,004,661	\$ 0
Intergovernmental	3,704,044	3,709,975	5,931
Investment Income	58,584	58,813	229
Tuition and Fees	111,871	111,834	(37)
Extracurricular Activities	0	0	0
Miscellaneous	12,373	12,373	0
Total Revenues	7,891,533	7,897,656	6,123
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	3,789,352	3,695,277	94,075
Special	523,388	486,779	36,609
Vocational	316,968	308,835	8,133
Other	92,060	81,405	10,655
Support Services:			
Pupils	285,320	273,473	11,847
Instructional Staff	270,615	240,943	29,672
Board of Education	11,353	10,618	735
Administration	718,311	692,634	25,677
Fiscal	208,804	192,671	16,133
Operation and Maintenance of Plant	832,792	720,899	111,893
Pupil Transportation	557,368	539,832	17,536
Central	49,900	39,882	10,018
Extracurricular Activities	181,146	166,334	14,812
Capital Outlay	7,900	7,850	50
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	7,845,277	7,457,432	387,845
Excess of Revenues Over (Under) Expenditures	46,256	440,224	393,968
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Expenditures	982	982	0
Other Financing Sources	190	190	0
Pass Through	(200,000)	0	200,000
Advance In	0	0	0
Advance Out	(1,917)	(1,917)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(85,295)	(63,191)	22,104
Total Other Financing Sources (Uses)	(286,040)	(63,936)	222,104
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(239,784)	376,288	616,072
Fund Balance at Beginning of Year	268,543	268,543	0
Prior Year Encumbrances Appropriated	33,104	33,104	0
Fund Balance at End of Year	\$ 61,863	\$ 677,935	\$ 616,072

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

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
293,479	250,362	(43,117)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
152,648	148,310	(4,338)	0	0	0
1,000	0	(1,000)	0	0	0
<u>447,127</u>	<u>398,672</u>	<u>(48,455)</u>	<u>0</u>	<u>0</u>	<u>0</u>
88,201	57,807	30,394	0	0	0
180,927	162,373	18,554	0	0	0
540	540	0	0	0	0
0	0	0	0	0	0
5,986	5,986	0	0	0	0
47,368	46,705	663	0	0	0
0	0	0	0	0	0
77,354	71,446	5,908	0	0	0
1,959	1,959	0	0	0	0
125	120	5	0	0	0
0	0	0	0	0	0
5,000	5,000	0	0	0	0
104,912	84,389	20,523	0	0	0
1,690	1,590	100	0	0	0
0	0	0	136,976	136,976	0
0	0	0	10,335	10,322	13
<u>514,062</u>	<u>437,915</u>	<u>76,147</u>	<u>147,311</u>	<u>147,298</u>	<u>13</u>
<u>(66,935)</u>	<u>(39,243)</u>	<u>27,692</u>	<u>(147,311)</u>	<u>(147,298)</u>	<u>13</u>
1,298	4,324	3,026	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	11,000	11,000	147,311	147,298	(13)
0	0	0	0	0	0
<u>1,298</u>	<u>15,324</u>	<u>14,026</u>	<u>147,311</u>	<u>147,298</u>	<u>(13)</u>
(65,637)	(23,919)	41,718	0	0	0
54,555	54,555	0	0	0	0
<u>11,082</u>	<u>11,082</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 41,718</u>	<u>\$ 41,718</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED
VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual*
All Governmental Fund Types and Expendable Trust Fund

For the Year Ended June 30, 2000

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 108,689	\$ 109,428	\$ 739
Intergovernmental	9,917	8,240	(1,677)
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	118,606	117,668	(938)
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	1,917	1,917	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	100	29	71
Fiscal	2,050	1,784	266
Operation and Maintenance of Plant	35,060	34,483	577
Pupil Transportation	0	0	0
Central	18,628	12,903	5,725
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	57,755	51,116	6,639
Excess of Revenues Over (Under) Expenditures	60,851	66,552	5,701
<u>Other Financing Sources (Uses)</u>			
Refund of Prior Year Expenditures	0	0	0
Other Financing Sources	0	0	0
Pass Through	0	0	0
Advance In	0	1,917	1,917
Advance Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(100,000)	(95,107)	4,893
Total Other Financing Sources (Uses)	(100,000)	(93,190)	6,810
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(39,149)	(26,638)	12,511
Fund Balance at Beginning of Year	30,349	30,349	0
Prior Year Encumbrances Appropriated	8,800	8,800	0
Fund Balance at End of Year	\$ 0	\$ 12,511	\$ 12,511

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

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 4,113,350	\$ 4,114,089	\$ 739
0	0	0	4,007,440	3,968,577	(38,863)
0	0	0	58,584	58,813	229
0	0	0	111,871	111,834	(37)
0	0	0	152,648	148,310	(4,338)
9,479	9,884	405	22,852	22,257	(595)
<u>9,479</u>	<u>9,884</u>	<u>405</u>	<u>8,466,745</u>	<u>8,423,880</u>	<u>(42,865)</u>
80,321	70,195	10,126	3,957,874	3,823,279	134,595
0	0	0	704,315	649,152	55,163
0	0	0	319,425	311,292	8,133
0	0	0	92,060	81,405	10,655
0	0	0	291,306	279,459	11,847
0	0	0	317,983	287,648	30,335
0	0	0	11,353	10,618	735
0	0	0	795,765	764,109	31,656
0	0	0	212,813	196,414	16,399
30,436	30,436	0	898,413	785,938	112,475
0	0	0	557,368	539,832	17,536
6,000	6,000	0	79,528	63,785	15,743
0	0	0	286,058	250,723	35,335
0	0	0	9,590	9,440	150
0	0	0	136,976	136,976	0
0	0	0	10,335	10,322	13
<u>116,757</u>	<u>106,631</u>	<u>10,126</u>	<u>8,681,162</u>	<u>8,200,392</u>	<u>480,770</u>
<u>(107,278)</u>	<u>(96,747)</u>	<u>10,531</u>	<u>(214,417)</u>	<u>223,488</u>	<u>437,905</u>
0	0	0	2,280	5,306	3,026
0	0	0	190	190	0
0	0	0	(200,000)	0	200,000
0	0	0	0	1,917	1,917
0	0	0	(1,917)	(1,917)	0
0	0	0	147,311	158,298	10,987
0	0	0	(185,295)	(158,298)	26,997
<u>0</u>	<u>0</u>	<u>0</u>	<u>(237,431)</u>	<u>5,496</u>	<u>242,927</u>
<u>(107,278)</u>	<u>(96,747)</u>	<u>10,531</u>	<u>(451,848)</u>	<u>228,984</u>	<u>680,832</u>
107,774	107,774	0	461,221	461,221	0
505	505	0	53,491	53,491	0
<u>\$ 1,001</u>	<u>\$ 11,532</u>	<u>\$ 10,531</u>	<u>\$ 62,864</u>	<u>\$ 743,696</u>	<u>\$ 680,832</u>

**LOUDONVILLE-PERRYSVILLE EXEMPTED
VILLAGE SCHOOL DISTRICT**

*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types*

For the Year Ended June 30, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues</u>			
Tuition and Fees	\$ 4,263	\$ 0	\$ 4,263
Charges for Services	232,087	729,554	961,641
Other Operating Revenues	126	3,378	3,504
Total Operating Revenues	<u>236,476</u>	<u>732,932</u>	<u>969,408</u>
<u>Operating Expenses</u>			
Salaries	121,474	0	121,474
Fringe Benefits	79,373	0	79,373
Purchased Services	701	179,368	180,069
Claims	0	587,536	587,536
Materials and Supplies	152,041	0	152,041
Depreciation	110	0	110
Total Operating Expenses	<u>353,699</u>	<u>766,904</u>	<u>1,120,603</u>
Operating Loss	(117,223)	(33,972)	(151,195)
<u>Non-Operating Revenues</u>			
Operating Grants	83,522	0	83,522
Donated Commodities Revenue	27,126	0	27,126
Investment Income	1,466	0	1,466
Other Non-Operating Revenues	30	0	30
Total Non-Operating Revenues	<u>112,144</u>	<u>0</u>	<u>112,144</u>
Net Loss	(5,079)	(33,972)	(39,051)
Retained Earnings (Deficit) at Beginning of Year	<u>(7,755)</u>	<u>109,350</u>	<u>101,595</u>
Retained Earnings (Deficit) at End of Year	<u>\$ (12,834)</u>	<u>\$ 75,378</u>	<u>\$ 62,544</u>

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

**LOUDONVILLE-PERRYSVILLE EXEMPTED
VILLAGE SCHOOL DISTRICT**

Combined Statement of Cash Flows
All Proprietary Fund Types

For the Year Ended June 30, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows From Operating Activities:			
Cash Received from Customers	\$ 236,476	\$ 732,932	\$ 969,408
Cash Paid for Goods and Services	(126,592)	(179,368)	(305,960)
Cash Paid to Employees	(200,291)	0	(200,291)
Cash Paid for Claims	0	(590,350)	(590,350)
Net Cash Used For Operating Activities	<u>(90,407)</u>	<u>(36,786)</u>	<u>(127,193)</u>
Cash Flows From Non-Capital Financing Activities:			
Other Non-Operating Revenues	30	0	30
Grants	94,271	0	94,271
Net Cash Provided By Non-Capital Activities	<u>94,301</u>	<u>0</u>	<u>94,301</u>
Cash Flows From Investing Activities:			
Purchase of Fixed Assets	(1,835)	0	(1,835)
Interest	1,466	0	1,466
Net Cash Used For Investing Activities	<u>(369)</u>	<u>0</u>	<u>(369)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,525	(36,786)	(33,261)
Cash and Cash Equivalents at Beginning of Year	<u>24,832</u>	<u>187,805</u>	<u>212,637</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 28,357</u></u>	<u><u>\$ 151,019</u></u>	<u><u>\$ 179,376</u></u>
Reconciliation of Operating Loss to Net Cash Provided by (Used For) Operating Activities:			
Operating Loss	\$ (117,223)	\$ (33,972)	\$ (151,195)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	110	0	110
Non-cash Donated Commodities	27,126	0	27,126
(Increase) decrease in assets:			
Inventory	1,548	0	1,548
Accounts Receivable	0	(288)	(288)
Prepays	(32)	0	(32)
Increase (decrease) in liabilities:			
Accrued Wages and Benefits	674	0	674
Compensated Absences Payable	(413)	0	(413)
Intergovernmental Payable	327	0	327
Deferred Revenue	(2,524)	0	(2,524)
Claims Payable	0	(2,526)	(2,526)
Total Adjustments	<u>26,816</u>	<u>(2,814)</u>	<u>24,002</u>
Net Cash Used For Operating Activities	<u><u>\$ (90,407)</u></u>	<u><u>\$ (36,786)</u></u>	<u><u>\$ (127,193)</u></u>

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

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Loudonville-Perrysville Exempted Village School District (District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership as of October 1, 1999, was 1,355. The District employs 99 certificated and 58 non-certificated employees.

The District is involved with Tri-County Computer Service Association (TCCSA) and Ashland County-West Holmes Career Center, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 20.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District. The District has no component units.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to 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 or trust funds.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

The proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund types:

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

Internal Service Fund - Internal service funds are used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Funds - Expendable trust funds are accounted for in essentially the same manner as the governmental fund.

Agency Funds – The agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets the District holds for others in an agency capacity.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District, other than those accounted for in proprietary or nonexpendable trust funds.

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

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All governmental funds are required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for each fund. Budgetary modifications may only be made by resolution of the Board of Education.

C. Cash, Cash Equivalents, and Investments

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

During fiscal year 2000, investments were limited to STAROhio. Following STAROhio 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 \$58,813, which includes \$23,836 assigned from other District funds.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook reserve, and capital maintenance reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The capital maintenance reserve and textbook reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2000, the District set aside the required amounts required by State statute. Fund balance reserves have also been established.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

F. 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 could differ from those estimates.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 consist 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.

H. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 10 years. The capitalization threshold is \$500.

I. Accrued Liabilities and Long-Term Obligations

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

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

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

J. 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.

K. 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.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary type funds is reflected as a liability in the respective funds. The current portion of unpaid compensated absences for sick leave related to governmental fund type operations is reflected in the respective funds. 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.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

The 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 balances 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, long-term advances to other funds, contributions to the nonexpendable trust funds that must be kept intact, and HB412 reserves such as textbooks and instructional materials, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

N. 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 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

Cooperative Learning
Venture Capital
Education Management Information Systems
Public School Preschool
Title I
Title VI
Title VI-B
Title VI-R
Drug-Free Schools

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds (Continued)

Professional Development Block Grant
Eisenhower & Arts Grant
TCCSA – Mini Grant
Tri-County Mini Grants
Safe School Help Line

Capital Projects Funds

School Net Plus
Technology Equity
Power Up

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 42% of the District's operating revenue during the 2000 fiscal year.

O. Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3: BUDGETARY PROCESS

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Tuscarawas County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3: BUDGETARY PROCESS (Continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual Appropriation Resolution must be passed by October 1 of each year for the period July 1 to June 30. The Appropriation Resolution fixes spending authority at the fund level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3: BUDGETARY PROCESS (Continued)

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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. 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 are recorded when paid in cash (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditure/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
- 4) 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).
- 5) The District repays debt from the debt service fund (budget non-GAAP 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.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3: BUDGETARY PROCESS (Continued)

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

	<u>Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) Reconciliation of Budget Basis to GAAP Basis</u>			
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Expendable Trust Fund</u>
Budgetary Basis	\$ 376,288	\$ (23,919)	\$ (26,638)	\$ (96,747)
Encumbrances	79,167	11,475	37,927	2,000
Revenue accruals	701,182	0	(7,658)	0
Expenditure accruals	<u>(173,677)</u>	<u>(2,136)</u>	<u>(16,590)</u>	<u>427</u>
GAAP Basis	<u>\$ 982,960</u>	<u>\$ (14,580)</u>	<u>\$ (12,959)</u>	<u>\$ (94,320)</u>

NOTE 4: ACCOUNTABILITY

At June 30, 2000, the Enterprise Food Service Fund had a deficit fund balance of \$(13,903), which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur.

NOTE 5: DEPOSITS AND INVESTMENTS

State statues classify monies held by the District into three categories.

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

Inactive deposits are public deposits 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 or 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 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.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 any 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; and
- 6) The State Treasurer's Investment Pool (STAROhio).

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institutions as security for repayment, by surety company bonds deposited with the District by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited within 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 District or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Deposits

At year-end, the carrying amount of the District's deposits was \$67,634, which includes \$2,800 cash on hand, and the bank balance was \$158,874, which was covered by federal depository insurance.

Investments

The District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Value</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	\$ <u>1,024,971</u>	\$ <u>1,024,971</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. 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</u>	<u>Investments</u>
GASB Statement No. 9	\$ 1,092,605	\$ 0
Investments which are part of cash management pool:		
STAROhio	<u>(1,024,971)</u>	<u>1,024,971</u>
GASB Statement No. 3	<u>\$ 67,634</u>	<u>\$ 1,024,971</u>

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 6: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	Balance June 30, 1999	<u>Additions</u>	<u>Disposals</u>	Balance June 30, 2000
Land	\$ 596,717	\$ 0	\$ 0	\$ 596,717
Buildings and improvements	3,702,994	278,178	0	3,981,172
Machinery and equipment	2,236,052	317,684	(73,136)	2,480,600
Books - Educational Media	653,659	49,256	0	702,915
Vehicles	808,386	162,810	(144,728)	826,468
Construction-in-Progress	<u>0</u>	<u>16,590</u>	<u>0</u>	<u>16,590</u>
	<u>\$ 7,997,808</u>	<u>\$ 824,518</u>	<u>\$ (217,864)</u>	<u>\$ 8,604,462</u>

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>June 30, 2000</u>
Equipment	\$ 217,039
Less: Accumulated Depreciation	<u>(215,314)</u>
Net Fixed Assets	<u>\$ 1,725</u>

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 7: LONG-TERM OBLIGATIONS

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

<u>Description</u>	<u>Balance</u> <u>June 30, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2000</u>
School Facilities, Seasongood & Mayer 5.35%, due 4/1/00	\$ 24,000	\$ 0	\$ (24,000)	\$ 0
Energy Conservation, Farmers and Savings Bank 5.25%, due 8/29/01	172,160	0	(86,081)	86,079
Asbestos Removal, Environmental Protection Agency 0.00%, due 7/31/06	183,140	0	(26,896)	156,244
Capital Leases	14,962	181,785	(69,104)	127,643
Intergovernmental Payable - SERS	60,473	56,194	(60,473)	56,194
Compensated Absences	<u>1,060,334</u>	<u>851,788</u>	<u>(1,060,334)</u>	<u>851,788</u>
	<u>\$ 1,515,069</u>	<u>\$ 1,089,767</u>	<u>\$ (1,326,888)</u>	<u>\$ 1,277,948</u>

Energy conservation notes are direct obligations of the District for which its full faith, credit and resources are pledged. Proceeds from the notes were used for energy conservation improvements to the school buildings.

Asbestos removal notes are direct obligations of the District for which its full faith, credit and resources are pledged. Proceeds from the notes were used for the removal of asbestos from the school buildings.

No new long-term debt was issued in 2000.

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 112,976	\$ 4,519	\$ 117,495
2002	26,896	0	26,896
2003	26,896	0	26,896
2004	26,896	0	26,896
2005	26,896	0	26,896
Future Years	<u>21,763</u>	<u>0</u>	<u>21,763</u>
Total	<u>\$ 242,323</u>	<u>\$ 4,519</u>	<u>\$ 246,842</u>

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 8: CAPITAL LEASES

The District has entered into capitalized leases for copy machines, mower, and scrubber. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds.

General fixed assets consisting of copy machines, mower, scrubber, buses and van have been capitalized in the general fixed assets account group in the amount of \$230,437. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$69,104 in the governmental funds.

The following is a schedule of future long-term minimum lease payments required under the capital leases together and the present value of the minimum lease payments as of June 30, 2000:

Fiscal year ending June 30,	2001	\$ 66,901
	2002	61,138
	2003	7,427
	2004	5,080
	2005	<u>1,224</u>
Minimum lease payments		141,770
Less: Amount representing interest		<u>(14,127)</u>
Present value of net minimum lease payments		<u>\$ 127,643</u>

NOTE 9: INCOME TAX

The District levies a voted tax of .5% for general operations on the income of residents and estates. The tax was effective on January 1, 1992, and is continuing. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State of Ohio makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 10: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Tuscarawas County Auditor is responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The County Auditor reappraises real property every six years with a triennial update, the last update for Ashland County was 2000, Holmes County was 1998, Richland County was 2000, and Knox County was 2000. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, real property taxes are billed semi-annually one year in arrears. The tax rate applied to real property collected in 1999 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$35.70 per \$1,000 of valuation. The effective rate applied after adjustment for inflationary increases in property values was \$25.98 per \$1,000 of assessed valuation for residential and agricultural real property, and \$26.20 per \$1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 1999 was \$35.70 per \$1,000 of valuation.

The property valuation consisted of:

	<u>Ashland</u>	<u>Holmes</u>	<u>Richland</u>	<u>Knox</u>
Real property - 1999:				
Residential/Agricultural	\$ 78,826,880	\$ 9,604,640	\$ 2,889,720	\$ 2,941,710
Commercial/Industrial	16,339,100	5,206,930	169,040	74,880
Public Utilities	0	33,500	0	0
Minerals	0	6,240	0	0
Tangible Personal Property				
- 2000:				
General	16,253,329	5,644,410	21,830	40,020
Public Utilities	<u>23,592,570</u>	<u>2,339,940</u>	<u>1,204,330</u>	<u>536,870</u>
Total valuation	<u>\$135,011,879</u>	<u>\$22,835,660</u>	<u>\$ 4,284,920</u>	<u>\$ 3,593,480</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2000, was \$412,984.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2000

NOTE 11: DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System (SERS)

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes general purpose 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.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%; 10.5% 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$151,752, \$158,028 and \$165,972, respectively. 50% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. \$75,876, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligation account group.

B. State Teachers Retirement System (STRS)

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 12.0% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$554,112, \$550,200 and \$578,568, respectively; 83% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. \$92,352, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)

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, all members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

NOTE 12: POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$139,590 during the 2000 fiscal year. For the fiscal year ended June 30, 1999, the most current information available, the net health care costs paid by STRS were \$249,929,000.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2000, the minimum pay has been established at \$12,400. For the District the amount to fund healthcare benefits, including surcharge, equaled \$81,511 during the 2000 fiscal year. The number of participants currently receiving health care benefits is 51,000. For the fiscal year ended June 30, 1999, the most current information available, net health care costs by School Employees Retirement System were \$126,380,984.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 13: NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$27,126.

NOTE 14: INTERUND ACTIVITY

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 1,917	\$ 0
Capital Projects Fund:		
Vocational Education Equipment	<u>0</u>	<u>1,917</u>
Total all funds	<u>\$ 1,917</u>	<u>\$ 1,917</u>

NOTE 15: 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, 2000 the reserve activity (GAAP basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Set-Aside Cash Balance 7/1/1999	\$ 14,794	\$ 0	\$ 44,799	\$ 59,593
Current Year Set-Aside Required	185,590	185,590	17,064	388,244
Current Year Offset Credits	0	(14,321)	0	(14,321)
Qualifying Disbursements	<u>(182,278)</u>	<u>(190,155)</u>	<u>0</u>	<u>(372,433)</u>
Total	<u>\$ 18,106</u>	<u>\$ (18,886)</u>	<u>\$ 61,863</u>	<u>\$ 61,083</u>
Cash Balance Carried Forward to Fiscal 2001	<u>\$ 18,106</u>	<u>\$ 0</u>	<u>\$ 61,863</u>	

The current year set-aside requirement for the budget stabilization was \$61,863 less prior year's workers' compensation set-aside amounting to \$44,799, leaving the current year requirement of \$17,064.

Although the District has offsets and qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirements for future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 15: STATUTORY RESERVES (Continued)

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

Amount restricted for budget stabilization	\$ 61,863
Amount restricted for textbooks	<u>18,106</u>
Total restricted assets	<u>\$ 79,969</u>

NOTE 16: CONTRACTUAL COMMITMENTS

As of June 30, 2000, the District had contractual commitments at the Loudonville High School Project, Perrysville Junior High School, and Budd Elementary for electrical alterations:

	<u>Contractual Commitment</u>	<u>Balance Expended</u>	<u>6/30/2000</u>
Clark-Fowler Electric:			
High School	\$ 34,483	\$ 0	\$ 34,483
Junior High	24,362	0	24,362
Elementary School	<u>44,370</u>	<u>0</u>	<u>44,370</u>
	<u>\$ 103,215</u>	<u>\$ 0</u>	<u>\$ 103,215</u>

NOTE 17: RELATED ORGANIZATION

The Loudonville Public Library (the "Library") is a related organization to the District. The school board members are responsible for appointing all the trustees of the Library; however, the school board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 2000.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18: SEGMENT INFORMATION

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

	<u>Food Services</u>	<u>Uniform Supplies</u>	<u>Total Enterprise</u>
Operating Revenues	\$ 232,213	\$ 4,263	\$ 236,476
Operating Expenses, Less Depreciation	350,395	3,194	353,589
Operating Income (Loss)	(118,292)	1,069	(117,223)
Donated Commodities	27,126	0	27,126
Operating Grants	83,522	0	83,522
Net Income (Loss)	(6,148)	1,069	(5,079)
Net Working Capital	2,498	1,069	3,567
Total Assets	40,262	1,069	41,331
Total Equity	(13,903)	1,069	(12,834)

NOTES 19: RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy limit is \$25,590,792 aggregate. The deductible is \$1,000 per incident on property and \$1,000 per incident on equipment. The District's vehicle insurance policy limit is \$2,000,000 liability/property and \$10,000 medical with a \$100 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 per aggregate.

B. Fidelity Bond

The Board President and Superintendent have a \$35,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$2,500 fidelity bond.

C. Workers' Compensation

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTES 19: RISK MANAGEMENT (Continued)

D. Employee Health Insurance

The District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$40,000. Aggregate stop-loss claims are covered based on the aggregate stop-loss factor, times total plan population, times twelve months. The single plan aggregate stop-loss factor is \$160.53, and the family plan factor is \$347.94. The liability for unpaid claims cost of \$75,929 reported in the internal service fund at June 30, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external transactions.

Changes in the fund's claims liability amount in 2000 and 1999 were:

	Balance at Beginning Year	Claims	Payments	Balance at End of Year
2000	<u>\$ 78,455</u>	<u>\$ 590,350</u>	<u>\$ 592,876</u>	<u>\$ 75,929</u>
1999	<u>\$ 72,748</u>	<u>\$ 548,535</u>	<u>\$ 542,828</u>	<u>\$ 78,455</u>

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS

A. Tri-County Computer Service Association (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 20 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 for member districts. Each of the governments of these districts support TCCSA based on a per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at Ashland-Wayne Education Services Center, which serves as fiscal agent, located in Wooster, Ohio. During the year ended June 30, 2000, the District paid approximately \$48,903 to TCCAS for basic service charges.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Ashland County - West Holmes Career Center (Career Center)

The Career Center, a joint vocational school established by the Ohio Revised Code, is a jointly governed organization providing vocational services to its eleven-member school districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no measurable equity interest exists.

NOTE 21: CONTINGENCIES

A. Grants

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

B. Litigation

The District is not party to any claims or lawsuits that would have a material effect on the general purpose financial statements.

NOTE 22: STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio School Funding Plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,378,443 of school foundation support for its general fund.

LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 22: 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 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 assistance program.

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

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

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2000

The Board of Education
Loudonville-Perrysville Exempted Village School District
Loudonville, OH 44842

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the general purpose financial statements of Loudonville-Perrysville Exempted Village School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 16, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 Loudonville-Perrysville Exempted Village School 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 not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Loudonville-Perrysville Exempted Village School 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 general purpose 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.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2000

The Board of Education
Loudonville-Perrysville Exempted Village School District
Loudonville, OH 44842

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

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

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

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

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the general purpose financial statements of Loudonville-Perrysville Exempted Village School District as of and for the year ended June 30, 2000, and have issued our report thereon dated November 16, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Loudonville-Perrysville Exempted Village School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

Rea & Associates, Inc.

**LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NON-GAAP BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture (Passed Through Ohio Department of Education):					
<i>Nutrition Cluster</i>					
Food Distribution	10.550	N/A	\$ 27,106	\$ 0	\$ 27,106
National School Lunch Program	10.555	N/A	<u>90,324</u>	<u>90,324</u>	<u>0</u>
Total Department of Agriculture - Nutrition Cluster			117,430	90,324	27,106
U.S. Department of Education (Passed Through Ohio Department of Education)					
Title I	84.010	C1-S1 1999	11,062	19,758	0
Title I	84.010	C1-S1 2000	<u>99,072</u>	<u>98,014</u>	<u>0</u>
Total Title I			110,134	117,772	0
Title VI-B	84.027	6B-SF 1999	5,348	10,456	0
Title VI-B	84.027	6B-SF 2000	<u>68,997</u>	<u>68,997</u>	<u>0</u>
Total Title VI-B			74,345	79,453	0
Chapter 2 (Continuous Improvement)	84.151	C2-S1 1999	927	964	0
Chapter 2 (Continuous Improvement)	84.151	C2-S1 2000	<u>7,034</u>	<u>6,321</u>	<u>0</u>
Total Chapter 2 (Continuous Improvement)			7,961	7,285	0
Drug Free Grant FY00	84.186	DR-S1 2000	<u>5,986</u>	<u>5,896</u>	<u>0</u>
Total Drug Free Grant FY00			5,986	5,896	0
Goals 2000 (Continuous Improvement)	84.276	G2-S2 1999	<u>0</u>	<u>4,027</u>	<u>0</u>
Total Goals 2000 (Continuous Improvement)			0	4,027	0
Class Size Reduction Program - FY00	84.340	CR-S1 2000	<u>22,228</u>	<u>16,842</u>	<u>0</u>
Total Class Size Reduction Program - FY00			<u>22,228</u>	<u>16,842</u>	<u>0</u>
Total Department of Education			<u>220,654</u>	<u>231,275</u>	<u>0</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 338,084</u>	<u>\$ 321,600</u>	<u>\$ 27,106</u>

Note A - Significant Accounting Policies

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

Note B - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Moneys are commingled with State grants. It is assumed federal moneys are expended first. At June 30, 2000, the District had no significant food commodities inventory.

**LOUDONVILLE-PERRYSVILLE
EXEMPTED VILLAGE SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, SECTION .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LOUDONVILLE-PERRYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

ASHLAND 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 09, 2001**