

MANSFIELD CITY SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Mansfield City School District

We have reviewed the Independent Auditor's Report of the Mansfield City School District, Richland 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 Mansfield City School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 21, 2000

MANSFIELD CITY SCHOOL DISTRICT

FOR THE YEAR ENDED JUNE 30, 2000

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2000

The Board of Education
Mansfield City School District
Mansfield, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of Mansfield City 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 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 Mansfield City School District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2000, on our consideration of Mansfield City School 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.

MANSFIELD CITY SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 14,108,639	\$ 1,635,195	\$ 26,177,284	\$ 23,453,382
Restricted Cash	826,980	0	0	0
Receivables:				
Taxes	19,356,397	0	4,628,696	1,276,750
Accounts	4,688	1,543	0	0
Interfund	63,300	0	0	0
Accrued Interest	16,201	0	0	0
Intergovernmental Receivable	19,488	0	0	0
Inventory	106,784	0	0	0
Fixed Assets (Net)	0	0	0	0
Total Assets	34,502,477	1,636,738	30,805,980	24,730,132
Other Debits				
Amount Available In Debt Service	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Other Debits	0	0	0	0
Total Assets and Other Debits	\$ 34,502,477	\$ 1,636,738	\$ 30,805,980	\$ 24,730,132
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$ 44,392	\$ 11,726	\$ 0	\$ 101,025
Contracts Payable	0	0	0	329,591
Accrued Wages and Benefits	3,423,224	607,977	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	52,300	0	0
Intergovernmental Payable	924,025	163,544	0	0
Deferred Revenue	17,684,030	0	4,240,633	1,165,875
Undistributed Monies	0	0	0	0
Notes Payable	0	0	0	24,299,000
Claims Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	22,075,671	835,547	4,240,633	25,895,491
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	681,203	204,492	0	1,392,682
Reserved for Inventory	106,784	0	0	0
Reserved for Budget Stabilization	826,980	0	0	0
Reserved for Tax Revenue Unavailable for Appropriation	1,672,367	0	388,063	110,875
Unreserved:				
Undesignated	9,139,472	596,699	26,177,284	(2,668,916)
Total Fund Equity (Deficit) and Other Credits	12,426,806	801,191	26,565,347	(1,165,359)
Total Liabilities, Fund Equity and Other Credits	\$ 34,502,477	\$ 1,636,738	\$ 30,805,980	\$ 24,730,132

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		(Memorandum Only)
\$ 1,079,990	\$ 2,364,953	\$ 849,944	\$ 0	\$ 0	\$	69,669,387
0	0	0	0	0	0	826,980
0	0	0	0	0	0	25,261,843
30,412	15,910	0	0	0	0	52,553
0	0	0	0	0	0	63,300
0	0	0	0	0	0	16,201
0	0	5,056	0	0	0	24,544
99,767	0	0	0	0	0	206,551
124,582	0	0	21,865,110	0	0	21,989,692
1,334,751	2,380,863	855,000	21,865,110	0	0	118,111,051
0	0	0	0	26,177,284	0	26,177,284
0	0	0	0	233,115	0	233,115
0	0	0	0	26,410,399	0	26,410,399
\$ 1,334,751	\$ 2,380,863	\$ 855,000	\$ 21,865,110	\$ 26,410,399	\$	144,521,450

\$ 0	\$ 0	\$ 13,699	\$ 0	\$ 0	\$	170,842
0	0	0	0	0	0	329,591
143,414	0	313	0	0	0	4,174,928
63,014	0	0	0	918,121	0	981,135
11,000	0	0	0	0	0	63,300
93,273	0	0	0	319,526	0	1,500,368
65,362	0	0	0	0	0	23,155,900
0	0	38,346	0	0	0	38,346
0	0	0	0	0	0	24,299,000
0	875,553	0	0	0	0	875,553
0	0	0	0	2,950	0	2,950
0	0	0	0	25,169,802	0	25,169,802
376,063	875,553	52,358	0	26,410,399	0	80,761,715
0	0	0	21,865,110	0	0	21,865,110
958,688	1,505,310	0	0	0	0	2,463,998
0	0	84,445	0	0	0	2,362,822
0	0	0	0	0	0	106,784
0	0	0	0	0	0	826,980
0	0	0	0	0	0	2,171,305
0	0	718,197	0	0	0	33,962,736
958,688	1,505,310	802,642	21,865,110	0	0	63,759,735
\$ 1,334,751	\$ 2,380,863	\$ 855,000	\$ 21,865,110	\$ 26,410,399	\$	144,521,450

MANSFIELD CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 13,101,740	\$ 0	\$ 1,964,325	\$ 939,293
Intergovernmental	23,150,171	6,317,558	228,674	899,592
Investment Income	1,054,932	4,707	66,041	704,745
Tuition and Fees	500,570	0	0	0
Extracurricular Activities	0	366,806	0	0
Charges for Services	0	(43,487)	0	0
Miscellaneous	253,465	3,364	0	1,200
Total Revenues	38,060,878	6,648,948	2,259,040	2,544,830
Expenditures				
Current:				
Instruction				
Regular	16,584,170	2,917,972	0	0
Special	4,581,710	1,890,894	0	0
Vocational	1,343,627	82,048	0	0
Adult Continuing	0	91,803	0	0
Other	264,025	634	0	0
Support Services:				
Pupils	1,964,393	469,756	0	429,442
Instructional Staff	2,189,504	918,369	0	0
Board of Education	19,844	0	0	0
Administration	3,505,366	174,752	0	0
Fiscal	642,034	0	0	0
Business	564,004	1,464	0	0
Operation and Maintenance of Plant	3,725,472	138	0	958,407
Pupil Transportation	1,216,596	15,330	0	0
Central	704,577	70,775	0	47,132
Operation of Non-Instructional Services	0	387,105	0	0
Extracurricular Activities	774,926	359,579	0	0
Capital Outlay	0	0	0	4,656,906
Debt Service:				
Principal Retirement	0	0	75,000	47,568
Interest and Fiscal Charges	0	0	54,511	1,297
Total Expenditures	38,080,248	7,380,619	129,511	6,140,752
Excess of Revenues Over (Under) Expenditures	(19,370)	(731,671)	2,129,529	(3,595,922)
Other Financing Sources (Uses)				
Proceeds of Bonds	0	0	25,187,500	0
Repayment of Bonds	0	0	(892,500)	0
Proceeds of Notes	0	0	0	0
Other Financing Sources	4,469	0	0	0
Other Financing Uses	0	0	(30,226)	0
Operating Transfers In	0	363,606	0	300,000
Operating Transfers Out	(367,809)	(361,806)	0	0
Total Other Financing Sources (Uses)	(363,340)	1,800	24,264,774	300,000
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(382,710)	(729,871)	26,394,303	(3,295,922)
Fund Balance at Beginning Of Year	12,784,407	1,531,062	171,044	2,130,563
Increase (Decrease) in Reserve for Inventory	25,109	0	0	0
Fund Balance (Deficit) at End of Year	\$ 12,426,806	\$ 801,191	\$ 26,565,347	\$ (1,165,359)

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type		Totals (Memorandum Only)	
Expendable Trust			
\$	0	\$	16,005,358
	666,696		31,262,691
	30,574		1,860,999
	0		500,570
	0		366,806
	0		(43,487)
	826,532		1,084,561
	1,523,802		51,037,498
	42,659		19,544,801
	10,087		6,482,691
	0		1,425,675
	0		91,803
	5,000		269,659
	7,419		2,871,010
	19,615		3,127,488
	0		19,844
	141,916		3,822,034
	0		642,034
	0		565,468
	0		4,684,017
	828		1,232,754
	37,258		859,742
	1,368,697		1,755,802
	5,000		1,139,505
	0		4,656,906
	0		122,568
	0		55,808
	1,638,479		53,369,609
	(114,677)		(2,332,111)
	0		25,187,500
	0		(892,500)
	0		0
	0		4,469
	0		(30,226)
	24,031		687,637
	(3,257)		(732,872)
	20,774		24,224,008
	(93,903)		21,891,897
	866,089		17,483,165
	0		25,109
\$	772,186	\$	39,400,171

MANSFIELD CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*
All Governmental Fund Types and Expendable Trust Funds
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2000

GENERAL FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Taxes	\$ 16,205,000	\$ 15,432,702	\$ (772,298)
Intergovernmental	24,059,285	23,225,770	(833,515)
Investment Income	1,000,000	1,050,002	50,002
Tuition and Fees	481,000	502,595	21,595
Charges for Services	0	0	0
Miscellaneous	158,705	254,302	95,597
Total Revenues	41,903,990	40,465,371	(1,438,619)
<u>Expenditures</u>			
Current:			
Instruction	24,283,703	23,275,975	1,007,728
Support Services:			
Pupils	2,034,513	1,968,436	66,077
Instructional Staff	2,267,247	2,185,174	82,073
Board of Education	24,849	23,333	1,516
Administration	3,633,105	3,541,108	91,997
Fiscal	681,423	639,681	41,742
Business	720,510	568,052	152,458
Operation and Maintenance of Plant	4,044,014	3,770,023	273,991
Pupil Transportation	1,727,216	1,220,683	506,533
Central	786,698	711,666	75,032
Operation of Non-Instructional Services			
Community Services	0	(8,219)	8,219
Extracurricular Activities	589,275	586,401	2,874
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	40,792,553	38,482,313	2,310,240
Excess of Revenues Over (Under) Expenditures	1,111,437	1,983,058	871,621
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Fixed Assets	500	0	(500)
Refund of Prior Year Expenditures	3,000	1,053	(1,947)
Other Financing Sources	3,000	9,742	6,742
Refund of Prior Year Receipts	0	0	0
Other Financing Uses	0	0	0
Advances In	100,000	65,315	(34,685)
Advances Out	(55,125)	(55,095)	30
Operating Transfers In	0	0	0
Operating Transfers Out	(367,875)	(367,809)	66
Total Other Financing Sources (Uses)	(316,500)	(346,794)	(30,294)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	794,937	1,636,264	841,327
Fund Balance (Deficit) at Beginning of Year	11,999,234	11,999,234	0
Prior Year Encumbrances Appropriated	575,521	575,521	0
Fund Balance (Deficit) at End of Year	\$ 13,369,692	\$ 14,211,019	\$ 841,327

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE FUND			DEBT SERVICE FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,604,111	\$ 1,604,111
180,941	6,972,798	6,791,857	0	228,674	228,674
1,197	4,707	3,510	0	66,041	66,041
0	0	0	0	0	0
184,322	184,322	0	0	0	0
1,900	3,364	1,464	0	0	0
368,360	7,165,191	6,796,831	0	1,898,826	1,898,826
6,922,962	4,999,482	1,923,480	0	0	0
645,517	475,890	169,627	0	0	0
1,320,778	921,763	399,015	0	0	0
0	0	0	0	0	0
197,845	176,638	21,207	0	0	0
1,800	0	1,800	0	0	0
1,464	1,464	0	0	0	0
9,865	9,865	0	0	0	0
215,085	15,330	199,755	0	0	0
83,401	69,460	13,941	0	0	0
474,719	418,860	55,859	0	0	0
523,395	388,414	134,981	0	0	0
0	0	0	0	0	0
0	0	0	75,000	75,000	0
0	0	0	55,000	54,511	489
10,396,831	7,477,166	2,919,665	130,000	129,511	489
(10,028,471)	(311,975)	9,716,496	(130,000)	1,769,315	1,899,315
0	0	0	0	24,295,000	24,295,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(21,467)	(7,960)	13,507	0	0	0
0	0	0	(31,000)	(30,226)	774
6,000	43,300	37,300	0	0	0
(51,200)	(51,200)	0	0	0	0
1,800	363,606	361,806	0	0	0
(361,806)	(361,806)	0	0	0	0
(426,673)	(14,060)	412,613	(31,000)	24,264,774	24,295,774
(10,455,144)	(326,035)	10,129,109	(161,000)	26,034,089	26,195,089
1,544,226	1,544,226	0	143,195	143,195	0
201,270	201,270	0	0	0	0
\$ (8,709,648)	\$ 1,419,461	\$ 10,129,109	\$ (17,805)	\$ 26,177,284	\$ 26,195,089

(continued)

MANSFIELD CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual*
All Governmental Fund Types and Expendable Trust Funds
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2000

CAPITAL PROJECT FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 0	\$ 1,102,269	\$ 1,102,269
Intergovernmental	0	904,370	904,370
Investment Income	0	704,745	704,745
Tuition and Fees	0	0	0
Rentals	0	0	0
Miscellaneous	0	1,200	1,200
Total Revenues	0	2,712,584	2,712,584
Expenditures			
Current			
Instruction	0	0	0
Support Services:			
Pupils	490,072	431,695	58,377
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	2,497,324	1,749,135	748,189
Pupil Transportation	0	0	0
Central	103,313	99,152	4,161
Operation of Non-Instructional Services	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	53,790,333	5,189,695	48,600,638
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	56,881,042	7,469,677	49,411,365
Excess of Revenues Over (Under) Expenditures	(56,881,042)	(4,757,093)	52,123,949
Other Financing Sources (Uses)			
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Fixed Assets	0	24,299,000	24,299,000
Proceeds from Sale of Bonds	0	0	0
Refund of Prior Year Expenditures	0	0	0
Other Financing Sources	0	0	0
Refund of Prior Year Receipts	(4,778)	(4,778)	0
Other Financing Sources	0	0	0
Advances In	0	0	0
Advances Out	(3,000)	(3,000)	0
Operating Transfers In	0	300,000	300,000
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	(7,778)	24,591,222	24,599,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(56,888,820)	19,834,129	76,722,949
Fund Balance (Deficit) at Beginning of Year	1,386,117	1,386,117	0
Prior Year Encumbrances Appropriated	739,428	739,428	0
Fund Balance (Deficit) at End of Year	\$ (54,763,275)	\$ 21,959,674	\$ 76,722,949

See accompanying notes to the general purpose financial statements.

EXPENDABLE TRUST FUNDS			TOTALS (MEMORANDUM ONLY)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 16,205,000	\$ 18,139,082	\$ 1,934,082
62,039	692,539	630,500	24,302,265	32,024,151	7,721,886
14,679	30,574	15,895	1,015,876	1,856,069	840,193
0	0	0	481,000	502,595	21,595
0	0	0	184,322	184,322	0
567,744	827,434	259,690	728,349	1,086,300	357,951
644,462	1,550,547	906,085	42,916,812	53,792,519	10,875,707
171,506	117,958	53,548	31,378,171	28,393,415	2,984,756
10,394	7,419	2,975	3,180,496	2,883,440	297,056
57,999	21,769	36,230	3,646,024	3,128,706	517,318
0	0	0	24,849	23,333	1,516
201,012	143,753	57,259	4,031,962	3,861,499	170,463
0	0	0	683,223	639,681	43,542
0	0	0	721,974	569,516	152,458
10,000	0	10,000	6,561,203	5,529,023	1,032,180
1,872	1,253	619	1,944,173	1,237,266	706,907
39,028	37,258	1,770	1,012,440	917,536	94,904
1,853,576	1,389,349	464,227	2,328,295	1,799,990	528,305
6,800	5,000	1,800	1,119,470	979,815	139,655
0	0	0	53,790,333	5,189,695	48,600,638
0	0	0	75,000	75,000	0
0	0	0	55,000	54,511	489
2,352,187	1,723,759	628,428	110,552,613	55,282,426	55,270,187
(1,707,725)	(173,212)	1,534,513	(67,635,801)	(1,489,907)	66,145,894
0	0	0	0	24,295,000	24,295,000
0	0	0	0	24,299,000	24,299,000
0	0	0	500	0	(500)
0	0	0	3,000	1,053	(1,947)
0	0	0	3,000	9,742	6,742
(12,968)	(12,968)	0	(39,213)	(25,706)	13,507
0	0	0	(31,000)	(30,226)	774
15,400	27,000	11,600	121,400	135,615	14,215
(27,000)	(27,000)	0	(136,325)	(136,295)	30
507	24,031	23,524	2,307	687,637	685,330
(3,257)	(3,257)	0	(732,938)	(732,872)	66
(27,318)	7,806	35,124	(809,269)	48,502,948	49,312,217
(1,735,043)	(165,406)	1,569,637	(68,445,070)	47,013,041	115,458,111
820,665	820,665	0	15,893,437	15,893,437	0
27,749	27,749	0	1,543,968	1,543,968	0
\$ (886,629)	\$ 683,008	\$ 1,569,637	\$ (51,007,665)	\$ 64,450,446	\$ 115,458,111

MANSFIELD CITY SCHOOL DISTRICT

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

All Proprietary Fund Types and Non-Expensible Trust Funds

For the Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expensible Trust	
<u>Operating Revenues</u>				
Tuition	\$ 179,829	\$ 0	\$ 0	\$ 179,829
Sales	721,807	0	0	721,807
Charges for Services	0	4,039,581	0	4,039,581
Investment Income	0	0	1,485	1,485
Other Operating Revenues	5,800	0	0	5,800
<i>Total Operating Revenues</i>	907,436	4,039,581	1,485	4,948,502
<u>Operating Expenses</u>				
Salaries	1,184,349	0	0	1,184,349
Fringe Benefits	452,647	0	0	452,647
Purchased Services	72,785	4,410,070	680	4,483,535
Materials and Supplies	892,460	0	0	892,460
Depreciation	9,807	0	0	9,807
Capital Outlay	22,386	0	0	22,386
<i>Total Operating Expenses</i>	2,634,434	4,410,070	680	7,045,184
Operating Income (Loss)	(1,726,998)	(370,489)	805	(2,096,682)
<u>Non-Operating Revenues (Expenses)</u>				
Operating Grants	1,448,111	0	0	1,448,111
Proceeds from Sale of Fixed Assets	450	0	0	450
Other Non-Operating Receipts	0	0	0	0
Interest	44,885	0	0	44,885
<i>Total Non-Operating Revenues (Expenses)</i>	1,493,446	0	0	1,493,446
Net Income (Loss) Before Operating Transfers	(233,552)	(370,489)	805	(603,236)
Transfers In	45,235	0	0	45,235
Net Income (Loss)	(188,317)	(370,489)	805	(558,001)
Retained Earnings/Fund Balance at Beginning of Year	1,147,005	1,875,799	29,651	3,052,455
Total Fund Equity at End of Year	\$ 958,688	\$ 1,505,310	\$ 30,456	\$ 2,494,454

See accompanying notes to the general purpose financial statements.

MANSFIELD CITY SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types and Non-Expendable Trust Funds

For the Year Ended June 30, 2000

	Proprietary Fund Types		Fiduciary	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 1,105,682	\$ 0	\$ 1,485	\$ 1,107,167
Cash Received from Quasi External Transactions with Other Funds	0	4,078,790	0	4,078,790
Cash Paid for Goods and Services	(1,013,368)	0	(680)	(1,014,048)
Cash Paid to Employees	(1,611,381)	0	0	(1,611,381)
Cash Paid for Claims	0	(4,446,892)	0	(4,446,892)
Other Operating Income	5,800	0	0	5,800
Net Cash Provided By (Used For) Operating Activities	(1,513,267)	(368,102)	805	(1,880,564)
<u>Cash Flows From Non-Capital Financing Activities</u>				
Investment Earnings	44,885	0	0	44,885
Grants	1,448,111	0	0	1,448,111
Transfers In	45,235	0	0	45,235
Net Cash Provided By Non-Capital Activities	1,538,231	0	0	1,538,231
<u>Cash Flows From Capital and Related Financing Activities</u>				
Received for Disposal of Fixed Assets	450	0	0	450
Payments for Capital Acquisitions	(51,708)	0	0	(51,708)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(51,258)	0	0	(51,258)
Net Increase (Decrease) in Cash and Cash Equivalents	(26,294)	(368,102)	805	(393,591)
Cash and Cash Equivalents at Beginning of Year	1,106,284	2,733,055	29,651	3,868,990
Cash and Cash Equivalents at End of Year	\$ 1,079,990	\$ 2,364,953	\$ 30,456	\$ 3,475,399
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>				
Operating Income (Loss)	\$ (1,726,998)	\$ (370,489)	\$ 805	\$ (2,096,682)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	9,807	0	0	9,807
(Increase) Decrease in Assets:				
Intergovernmental Receivable	213,670	0	0	213,670
Accounts Receivable	(9,624)	39,209	0	29,585
Inventory	32,875	0	0	32,875
Increase (Decrease) in Liabilities:				
Accounts Payable	(4,577)	0	0	(4,577)
Interfund Payable	680	0	0	680
Deferred Revenue	(43,367)	0	0	(43,367)
Contracts Payable	(11,348)	0	0	(11,348)
Wages and Benefits	17,760	0	0	17,760
Compensated Absences	7,855	0	0	7,855
Compensated Absences	0	(36,822)	0	(36,822)
Total Adjustments	213,731	2,387	0	216,118
Net Cash Provided By (Used For) Operating Activities	\$ (1,513,267)	\$ (368,102)	\$ 805	\$ (1,880,564)
Reconciliation of Non-Expendable Trust Fund Cash Balance as of June 30, 2000				
Total Cash and Cash Equivalents per Balance Sheet, Trust and Agency Funds			\$ 849,944	
Cash and Cash Equivalents Agency Fund			(38,796)	
Cash and Cash Equivalents Expendable Trust			(780,692)	
Cash and Cash Equivalents Non-Expendable Trust Funds as of June 30, 2000			<u>\$ 30,456</u>	

See accompanying notes to the general purpose financial statements.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

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

The Mansfield City School District (the 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 local school district as defined by Section 3311.03 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 on, or as of, October 1, 1999, was 6,323. The District employs 573 certificated and 367 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

Management believes the 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 Mansfield City School District are organized and operated on the basis of funds and account groups. 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 Mansfield City School District has the following fund types and account groups:

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").

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

“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 approximately 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 - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - 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 - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Proprietary Funds.

Capital Projects Fund - 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.

PROPRIETARY FUND TYPES

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use 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 board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with GASB pronouncements. Proprietary funds include the following fund types:

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

Enterprise Funds - 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 - 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 government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Nonexpendable Trust Fund - is an account for endowment-like trust arrangements, accounted for much like a proprietary fund.

Agency Fund - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

ACCOUNT GROUPS

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired for general purposes other than those accounted for in proprietary or trust funds.

General Long-term Obligations Account Group - used to account for the outstanding principal balances of general obligation bonds, debt, and other long-term obligations not reported in proprietary funds.

(B) *DEPOSITS AND INVESTMENTS*

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Investment income is recorded in the general fund, as permitted by the Ohio Revised Code. Investments are stated at cost which approximates fair value at year-end.

(C) *RESTRICTED ASSETS*

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. The reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

(D) *RECEIVABLES*

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

(E) *INVENTORIES AND SUPPLIES*

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

(F) *PREPAID EXPENSES*

The District uses the consumption method to account for prepaid expenses. Under the consumption method the prepaid items are recorded as an expenditure when used.

(G) *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. Interest incurred during construction is not capitalized on general fixed assets. 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: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

(H) *LONG-TERM LIABILITIES*

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term obligations account group.

(I) *UNPAID 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 through the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those, the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

Accumulated vacation and sick leave of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Debt Account Group. In proprietary funds, the entire amount of eligible compensated absences is reported as a fund liability.

(J) *FUND EQUITY*

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

(K) *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 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

(A) *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

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

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 required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

(B) *BUDGETARY BASIS*

Tax Budget

A budget of estimated revenue and expenditures is submitted to the Richland 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.

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 the projected revenue of each fund. Prior to June 30, the District must revise its budget ensuring 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 and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriations 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, function 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.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

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 and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

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.

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. The Ohio Revised Code prohibits the sum of expenditures and encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent-year expenditures.

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, relies 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 and Actual (Non-GAAP Budgetary Basis) - 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 the modified accrual basis of generally accepted accounting principles (GAAP Basis) are that:

- 1) Revenues are recorded when received (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 disclosures in the proprietary fund types (GAAP basis).

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

- 4) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
- 5) Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (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.

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:

Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)
Reconciliation of Budget Basis to GAAP Basis

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Expendable Trust Fund</u>
Budget Basis	\$ 1,636,264	\$ (326,035)	\$ 26,034,089	\$ 19,834,129	\$ (165,406)
Adjustments, increase (decrease)					
Revenue accruals	(3,621,366)	(574,042)	1,246,594	(24,527,714)	(76,073)
Expenditures accruals	876,797	(46,012)	(886,380)	(96,044)	49,882
Encumbrances	725,595	216,218	0	1,493,707	97,694
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
GAAP basis, as reported	<u>\$ (382,710)</u>	<u>\$ (729,871)</u>	<u>\$ 26,394,303</u>	<u>\$ (3,295,922)</u>	<u>\$ (93,903)</u>

(C) *DEFICIT FUND BALANCE*

The following fund had a deficit in fund balance as of June 30, 2000:

Capital Projects Fund \$ (1,165,359)

A fund transfer will be made to the Capital Projects Fund to retire debt.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

NOTE 4 - DEPOSITS AND INVESTMENTS

(A) **LEGAL REQUIREMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in 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 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.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), 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.

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

- 1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding thirty days;

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

- 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' acceptance 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 monies 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 Mansfield City School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific 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.

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."

(B) *DEPOSITS*

At year-end, the carrying amount of the Mansfield City School District deposits was \$(349,313) and the bank balance was \$471,718 of which \$100,000 was covered by federal depository insurance, by collateral held by the Mansfield City School District, or by collateral held by a qualified third party trustee in the name of Mansfield City School District.

(C) *INVESTMENTS*

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterparty is a designated depository of the District for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

	Category			Fair
	1	2	3	Value
Repurchase Agreement	\$ 0	\$ 0	\$ 447,234	\$ 447,234
U. S. Government Securities			68,220,885	68,220,885
Investment in State Treasurer's Investment Pool				2,177,561
				\$ 70,845,680

The classification of cash and cash equivalents and investments on the general purpose 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 cash equivalents, and investments on the general purpose financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$ 70,496,367	\$ 0
U.S. Treasury Obligations and U.S. Agency Issues	(68,220,885)	68,220,885
Repurchase Agreement	(447,234)	447,234
State Treasurer's Pool	(2,177,561)	2,177,561
	\$ (349,313)	\$ 70,845,680

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

NOTE 5 - FIXED ASSETS AND ACCUMULATED DEPRECIATION

(A) *GENERAL FIXED ASSETS ACCOUNT GROUP*

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

	Balance 07/01/1999	Additions	Disposals	Balance 06/30/2000
Land, Buildings, and Improvements	\$ 15,810,020	\$ 3,829,000	\$ 0	\$ 19,639,020
Furniture and Equipment	783,845	78,318	11,036	851,127
Vehicles	1,064,516	40,295	22,428	1,082,383
Construction in Progress	0	292,580	0	292,580
	<u>\$ 17,658,381</u>	<u>\$ 4,240,193</u>	<u>\$ 33,464</u>	<u>\$ 21,865,110</u>

(B) *PROPRIETARY FUND TYPE FIXED ASSETS*

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

Enterprise	June 30, 2000
Equipment	\$ 225,060
Less Accum Depreciation	(100,478)
	<u>\$ 124,582</u>

NOTE 6 – CAPITAL LEASES

In prior years, the District entered into capitalized leases for the acquisition of copiers.

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board (FASB), "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Fund Types and Expendable Trust Funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2000 fiscal year totaled \$47,568. This amount is reflected as Debt Service Principal Retirement in the Capital Projects Fund.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

The following is an analysis of the equipment under capital lease as of June 30, 2000:

	<u>General Fixed Assets</u>
Equipment-Carry value	\$ 217,591

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

Year ending June 30,

2001	\$ 2,961
Less: amount representing interest	<u>11</u>
Present value of future minimum Lease payments	<u>\$ 2,950</u>

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

NOTE 7 - DEBT OBLIGATIONS

	Outstanding June 30, 1999	Additions	Reductions	Outstanding June 30, 2000
Capital Projects Fund				
Bond Anticipation Notes				
4.40%, due 7/18/00	\$ 0	\$ 9,990,000	\$ 0	\$ 9,990,000
4.50%, due 7/18/00	0	14,309,000	0	14,309,000
	\$ 0	\$ 24,299,000	\$ 0	\$ 24,299,000
 General Long-Term Obligations				
General Obligation Bonds				
7.2%, due 09/2011	950,000	0	950,000	0
5.27%, due 09/2011	0	874,802	0	874,802
5.67%, due 12/2027	0	24,295,000	0	24,295,000
	950,000	25,169,802	950,000	25,169,802
Capital lease	50,518	0	47,568	2,950
Compensated Absences				
Accrued vacations	282,178	300,883	282,178	300,883
Accrued sick leave benefits	573,419	43,819	0	617,238
	855,597	344,702	282,178	918,121
Intergovernmental payables				
Accrued SERS/STRS	262,234	273,139	262,234	273,139
SERS Surcharge	57,682	46,387	57,682	46,387
	319,916	319,526	319,916	319,526
	\$ 2,176,031	\$ 25,834,030	\$ 1,599,662	\$ 26,410,399

Outstanding general obligation bonds consist of school building construction issues.

The general obligation bonds listed above are to be used to retire the bond anticipation notes, therefore, the bond anticipation notes are recorded as a current liability in the Capital Projects Fund and the general obligation bonds are properly recorded as long-term liabilities in the General Long-Term Obligations Account Group.

General obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the District.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

The annual requirement to amortize all bonded debt outstanding as of June 30, 2000 including interest payments of \$17,529,541 follows:

Year Ending June 30,	<u>General Obligation Bonds</u>
2001	\$ 3,602,610
2002	2,066,924
2003	2,309,165
2004	2,251,568
2005	2,198,403
Thereafter	<u>30,270,673</u>
Total	<u>\$ 42,699,343</u>

NOTE 8 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Richland 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 Richland County Auditor reappraises real property every six years with a triennial update, which was last completed for 1999. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Richland County, 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 \$59.05 per \$1,000 of valuation. The effective rate applied after adjustment for inflationary increases in property values was \$42.13 per \$1,000 of assessed valuation for residential and agricultural real property, and \$44.08 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 \$59.05 per \$1,000 of valuation.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

The property valuation consisted of:

Real Property - 1999	
Residential/Agricultural	\$ 263,369,930
Commercial/Industrial	110,760,700
Tangible Personal Property - 2000	
General	75,631,625
Public Utilities	<u>32,364,510</u>
Total valuation	<u>\$ 482,126,765</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 \$2,171,305.

NOTE 9 - INTERFUND TRANSACTIONS

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

Fund	Receivable	Payable
General	\$ 63,300	\$ 0
Special Revenue	0	52,300
Enterprise Funds	<u>0</u>	<u>11,000</u>
	<u>\$ 63,300</u>	<u>\$ 63,300</u>

NOTE 10 - PENSION PLANS

(A) *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

The Mansfield City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement defined benefit pension plan. SERS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

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 Mansfield City School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Mansfield City School District are established and may be amended by the SERS Board of Trustees. The School District's contributions to SERS for the years ending June 30, 2000, 1999 and 1998 were \$829,326, \$775,638, and \$759,198, respectively; 48% has been contributed for fiscal year 2000 and 100% for fiscal year 1999 and 1998. The amount representing the unpaid contribution for fiscal year 2000, \$422,520 is recorded as a liability within the respective funds and the general long-term obligations account group.

(B) *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

The Mansfield City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement defined benefit pension plan operated by the State of Ohio. STRS provides retirement, annual cost-of-living adjustments, disability, survivor, and health care benefits. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That 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% of their annual covered salary and Mansfield City School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirement of plan members and Mansfield City School District are established and may be amended by the STRS Board of Trustees. The School District's contributions to STRS for the years ending June 30, 2000, 1999 and 1998 were \$3,289,584, \$3,123,612, and \$3,189,600, respectively; 83% has been contributed for fiscal year 2000 and 100% for fiscal year 1999 and 1998. The amount representing the unpaid contribution for fiscal year 2000, \$575,732 is recorded as a liability within the respective funds.

NOTE 11 - POSTEMPLOYMENT BENEFITS

(A) *SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)*

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service. 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.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 1999, (the latest information available) the allocation rate was 6.30%. In addition, SERS levies a surcharge to fund health care benefits

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

equal to 14% of the difference between a minimum pay and the member's pay pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$12,400.

Health care benefits are financed on a pay-as-you-go basis.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million, at cost. The number of participants currently receiving health care benefits is approximately 51,000. The portion employer contributions that were used to fund postemployment benefits was \$419,584.

(B) *STATE TEACHERS RETIREMENT SYSTEM (STRS)*

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipient and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the 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 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8% of covered payroll. For the year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service and uniform school supplies. Segment information related to these follows:

	Food Services	Uniform Supplies	Adult Education	Total
Operating revenues	\$ 607,111	\$ 114,696	\$ 185,629	\$ 907,436
Operating expenses				
Salaries and wages	997,073	0	187,276	1,184,349
Fringe benefits	403,305	0	49,342	452,647
Purchased services	69,381	0	3,404	72,785
Materials and supplies	719,082	159,851	13,527	892,460
Other expenses	12,464	0	9,922	22,386
Depreciation	9,807	0	0	9,807
Total operating expenses	2,211,112	159,851	263,471	2,634,434
Operating income (loss)	(1,604,001)	(45,155)	(77,842)	(1,726,998)
Non-operating revenues, net	1,380,250	0	113,196	1,493,446
Net transfers	0	45,235	0	45,235
Net income (loss)	<u>\$ (223,751)</u>	<u>\$ 80</u>	<u>\$ 35,354</u>	<u>\$ (188,317)</u>
Other information				
Net working capital	<u>\$ 562,538</u>	<u>\$ 143,623</u>	<u>\$ 127,945</u>	<u>\$ 834,106</u>
Fixed assets, net	<u>\$ 124,582</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 124,582</u>
Total assets	<u>\$ 1,038,929</u>	<u>\$ 154,623</u>	<u>\$ 141,199</u>	<u>\$ 1,334,751</u>
Total equity	<u>\$ 687,120</u>	<u>\$ 143,623</u>	<u>\$ 127,945</u>	<u>\$ 958,688</u>

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with Coregis Insurance Company. The deductible is \$10,000 per incident on property and \$10,000 per incident on equipment. All vehicles are also insured with Utica National Insurance Company and have a \$500 deductible. All board members, administrators, and employees are covered under a school district liability policy with Nationwide Insurance Company. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 per year, with a \$5,000,000

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

umbrella. The board members and superintendent have a \$20,000 position bond with Nationwide Insurance Company.

The treasurer is covered under a bond in the amount of \$200,000 provided by the Cincinnati Insurance Company.

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.

The School District has established a limited risk management program for hospital/medical benefits. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2000, a total expense of \$4,279,643 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$150,000. The liability for unpaid claims cost of \$875,553 reported in the 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 costs, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured fund's claims experience and are reported as quasi-external interfund transactions.

The District's claim settlements exceeded insurance coverage for each of the past three years.

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

	<u>Balance at</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
1999	\$ 889,070	\$ 3,393,246	\$ 3,369,941	\$ 912,375
2000	\$ 912,375	\$ 3,928,898	\$ 3,965,720	\$ 875,553

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statement

June 30, 2000

NOTE 14 – CONTINGENCIES

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

<u>Company</u>	<u>Amount Remaining</u>
Biz Builders	\$ 23,803
Marr Knapp & Crawfis	249,221
Kahl's Electric	46,217
Shaffer-Johnston-Lichtenwalter	<u>10,350</u>
	<u>\$ 329,591</u>

NOTE 15 - STATE SCHOOL FUNDING PROGRAM

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$21,361,561 of school foundation support for its general fund, and \$23,827,464 in total (all funds) support.

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 reliance on local property tax funding, the state 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.

MANSFIELD CITY SCHOOL DISTRICT
Notes to the General Purpose Financial Statements

June 30, 2000

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.

NOTE 16 – STATUTORY RESERVES

Substitute House Bill 412, as amended, required the District to “set aside” certain percentages of defined revenues for (1) textbook and instructional materials purchases, (2) capital and maintenance expenditures, and (3) to establish a budget reserve. It also required five year budget projections, amended the fiscal watch and fiscal emergency statutes, created a state school district solvency fund, and amended “spending reserve” provisions. During the fiscal year June 30, 2000, the reserve activity (GAAP-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7/1/99	\$ 0	\$ 0	\$ 536,929	\$ 536,929
Required Set-Aside	823,342	823,342	274,447	1,921,131
Additional Set-Aside	0	0	15,604	15,604
Qualifying Expenditures	(1,049,809)	(1,361,965)	0	(2,411,774)
Total	\$ (226,467)	\$ (538,623)	\$ 826,980	\$ 61,890
Balance Carried Forward FY 2000	\$ 0	\$ 0	\$ 826,980	
Amount Restricted for Set-Asides				\$ 826,980
Total Restricted Assets				\$ 826,980

NOTE 17 – SUBSEQUENT EVENTS

On December 16, 1999 a bond anticipation note was issued in the amount of \$9,990,000 and on January 19, 2000 another bond anticipation note was issued in the amount of \$14,309,000 for the new high school construction project. Both notes matured on July 18, 2000. On July 14, 2000, the District retired both of these short-term bond anticipation notes and the total amount of the notes retired is \$24,299,000.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

November 16, 2000

The Board of Education
Mansfield City School District
Mansfield, Ohio 44902

**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 Mansfield City 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 Mansfield City School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Mansfield City School District in a separate letter dated November 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mansfield City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 solely 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
Mansfield City School District
Mansfield, Ohio 44901

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 Mansfield City 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. Mansfield City 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 Mansfield City School District's management. Our responsibility is to express an opinion on Mansfield City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB 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 Mansfield City 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 Mansfield City School District's compliance with those requirements.

In our opinion, Mansfield City 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 Mansfield City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mansfield City 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 Mansfield City 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 Mansfield City 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 solely 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.

Hea & Associates, Inc.

MANSFIELD CITY 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	Program Amount	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education (Passed Through Ohio Department of Education):						
VAE-2 Basic Grants	84.048	VESP-CG00	\$ 10,000	\$ 8,500	\$ 10,000	\$ 0
	84.048	VESP-CG99	31,500	4,725	746	0
	84.048	CP11-S00	176,399	149,939	149,899	0
	84.048	CP11-S99	160,199	20,503	9,779	0
Total VAE-2 Basic Grants				183,667	170,424	0
Adult Basic Education	84.002	AB-S1-00	106,997	70,000	70,000	0
	84.002	AB-S1-99C	11,912	11,912	11,912	0
	84.002	AB-S1-99	110,412	5,800	5,800	0
Total Adult Basic Education				87,712	87,712	0
Title I	84.010	C1-S1-00	1,968,869	1,367,834	1,029,575	0
	83.010	C1-SD-00	88,111	88,111	32,854	0
	84.010	C1-S1-99C	480,781	385,834	480,781	0
	84.010	C1-SD-99C	18,344	10,005	18,344	0
	84.010	C1-S1-99	1,929,178	0	433,704	0
	83.010	C1-SD-99	79,507	0	25,255	0
Total Title I				1,851,784	2,020,513	0
Title VI	84.298	C2-S1-00	47,579	42,821	30,406	0
	84.298	C2-S1-99C	12,238	8,401	409	0
	84.298	C2-S1-99	41,077	0	1,398	0
	84.298	C2-S1-98C	6,644	0	10	0
Total Title VI				51,222	32,223	0
Special Education Cluster						
Title VI-B	84.027	6B-SF-00P	450,475	440,384	397,414	0
	84.027	6B-SF-99P	358,752	2,626	75,691	0
Preschool Incentive	84.173	PG-S1-00P	46,425	46,425	39,620	0
	84.173	PG-S1-99P	44,616	0	5,572	0
Total Special Education Cluster				489,435	518,297	0
Drug Free School Grant	84.186	DR-S1-00	66,711	66,711	37,466	0
	84.186	DR-S1-99C	19,358	8,420	13,252	0
	84.186	DR-S1-99	82,314	0	10,050	0
	84.186	DR-S1-98C	20,247	8,470	8,065	0
Total Drug Free School Grant				83,601	68,833	0
Eisenhower Math & Science	84.281	MS-S1-00	47,118	28,235	7,089	0
	83.281	MS-S1-99C	36,308	1,704	40	0
	84.281	MS-S4-99	14,000	0	14,000	0
	84.281	MS-S1-99	44,258	0	2,748	0
	83.281	MS-S1-98C	27,403	0	6,058	0
Total Eisenhower Math & Science				29,939	29,935	0

MANSFIELD CITY 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	Program Amount	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
Performance Incentive Grant	84.048	G2-S1-98P	72,900	0	47,930	0
Tech Literacy Challenge	84.318	TF-14-00P	37,500	37,500	37,500	0
	84.318	TF-15-00P	25,000	25,000	0	0
Total Literacy Challenge				62,500	37,500	0
Reading Excellence	84.338	RN-S1-00	616,040	47,977	0	0
Title VI-R	84.340	CR-S1-00	293,939	293,939	251,390	0
Total Department of Education				3,181,776	3,264,757	0
U. S. Department of Agriculture (Passed Through Ohio Department of Education):						
Nutrition Cluster:						
Food Distribution Program (A)	10.550	N/A	N/A	249,869	0	246,146
School Breakfast Program (B)	10.553	N/A	N/A	311,038	311,038	0
National School Lunch Program (B)	10.555	N/A	N/A	1,133,871	1,133,871	0
Total Department of Agriculture: Nutrition Cluster				1,694,778	1,444,909	246,146
U. S. Department of Health and Human Services (Passed Through Ohio Department of Education):						
Learn and Serve America	94.004	SV-S2-00	3,000	3,000	2,630	0
	94.004	SV-S3-99	15,000	0	3,388	0
Total Learn and Serve America				3,000	6,018	0
Total Department of Health and Human Services				3,000	6,018	0
Total Federal Assistance				\$ 4,879,554	\$ 4,715,684	\$ 246,146

- (A) Government commodities are reported at the fair market value of the commodities received and disbursed.
(B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**MANSFIELD CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS	
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(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(a)?	No
(d) (1) (vii)	Major Programs (list):	Title I : 84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None were noted.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MANSFIELD CITY SCHOOL DISTRICT

RICHLAND 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**