



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

November 20, 2000

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

|   | <u>Governmental Fund Types</u> |                            |                         |                             |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| <b><u>Assets and Other Debits:</u></b>  |                                |                            |                         |                             |
| <b><u>Assets:</u></b>   |                                |                            |                         |                             |
| Equity in Pooled Cash and Cash Equivalents  | \$17,247                       | \$155,254                  | \$371,670               | \$24,974                    |
| Receivables:  |                                |                            |                         |                             |
| Property Taxes  | 2,582,387                      | 0                          | 643,526                 | 0                           |
| Accounts  | 10,423                         | 0                          | 0                       | 0                           |
| Loans   | 0                              | 0                          | 0                       | 0                           |
| Accrued Interest  | 0                              | 672                        | 0                       | 0                           |
| Prepaid Items   | 59,169                         | 0                          | 0                       | 0                           |
| Inventory Held for Resale   | 0                              | 0                          | 0                       | 0                           |
| Materials and Supplies Inventory  | 14,990                         | 0                          | 0                       | 0                           |
| Restricted Assets:  |                                |                            |                         |                             |
| Equity in Pooled Cash and Cash Equivalents  | 168,766                        | 0                          | 0                       | 0                           |
| Fixed Assets (Net, where applicable,<br>of Accumulated Depreciation)                | 0                              | 0                          | 0                       | 0                           |
| <b><u>Other Debits:</u></b>   |                                |                            |                         |                             |
| Amount Available in Debt Service Fund for<br>Retirement of General Obligation Bonds | 0                              | 0                          | 0                       | 0                           |
| Amount to be Provided from<br>General Government Resources                          | 0                              | 0                          | 0                       | 0                           |
| <b>Total Assets and Other Debits</b>  | <u>\$2,852,982</u>             | <u>\$155,926</u>           | <u>\$1,015,196</u>      | <u>\$24,974</u>             |
| <b><u>Liabilities, Fund Equity and Other Credits:</u></b>                           |                                |                            |                         |                             |
| <b><u>Liabilities:</u></b>  |                                |                            |                         |                             |
| Accounts Payable  | \$95,323                       | \$4,521                    | \$0                     | \$7,405                     |
| Accrued Wages and Benefits  | 503,566                        | 7,581                      | 0                       | 0                           |
| Compensated Absences Payable  | 0                              | 0                          | 0                       | 0                           |
| Intergovernmental Payable   | 122,555                        | 277                        | 0                       | 0                           |
| Deferred Revenue  | 2,388,705                      | 0                          | 587,932                 | 0                           |
| Due to Students   | 0                              | 0                          | 0                       | 0                           |
| Loans Payable   | 0                              | 0                          | 0                       | 0                           |
| Notes Payable   | 0                              | 0                          | 0                       | 0                           |
| Liabilities Against Restricted Assets:  |                                |                            |                         |                             |
| General Obligation Bonds Payable  | 0                              | 0                          | 0                       | 0                           |
| <b>Total Liabilities</b>  | <u>3,110,149</u>               | <u>12,379</u>              | <u>587,932</u>          | <u>7,405</u>                |
| <b><u>Fund Equity and Other Credits:</u></b>  |                                |                            |                         |                             |
| Investment in General Fixed Assets  | 0                              | 0                          | 0                       | 0                           |
| Contributed Capital   | 0                              | 0                          | 0                       | 0                           |
| Retained Earnings (Deficit)   | 0                              | 0                          | 0                       | 0                           |
| Fund Balance:   |                                |                            |                         |                             |
| Reserved for Encumbrances   | 0                              | 28,095                     | 0                       | 17,325                      |
| Reserved for Principal  | 0                              | 0                          | 0                       | 0                           |
| Reserved for Inventory  | 14,990                         | 0                          | 0                       | 0                           |
| Reserved for Prepays  | 59,169                         | 0                          | 0                       | 0                           |
| Reserved for Bus Purchase   | 21,865                         | 0                          | 0                       | 0                           |
| Reserved for Budget Stabilization   | 90,097                         | 0                          | 0                       | 0                           |
| Reserved for Textbooks and Instruction Materials                                    | 56,804                         | 0                          | 0                       | 0                           |
| Reserved for Tax Advances   | 193,682                        | 0                          | 55,594                  | 0                           |
| Designation for Budget Stabilization  | 24,863                         | 0                          | 0                       | 0                           |
| Undesignated (Deficit)  | (718,637)                      | 115,452                    | 371,670                 | 244                         |
| <b>Total Fund Equity (Deficit) and Other Credits</b>                                | <u>(257,167)</u>               | <u>143,547</u>             | <u>427,264</u>          | <u>17,569</u>               |
| <b>Total Liabilities, Fund Equity and Other Credits</b>                             | <u>\$2,852,982</u>             | <u>\$155,926</u>           | <u>\$1,015,196</u>      | <u>\$24,974</u>             |

*See accompanying notes to the general purpose financial statements*

| Proprietary<br>Fund Type | Fiduciary<br>Fund Type | Account Groups             |                                     | Totals<br>(Memorandum<br>Only) |
|--------------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
|                          |                        | General<br>Fixed<br>Assets | General<br>Long Term<br>Obligations |                                |
| Enterprise               | Trust and<br>Agency    |                            |                                     |                                |
| \$31,994                 | \$51,029               | \$0                        | \$0                                 | \$652,168                      |
| 0                        | 0                      | 0                          | 0                                   | 3,225,913                      |
| 0                        | 0                      | 0                          | 0                                   | 10,423                         |
| 0                        | 4,268                  | 0                          | 0                                   | 4,268                          |
| 0                        | 115                    | 0                          | 0                                   | 787                            |
| 2,386                    | 0                      | 0                          | 0                                   | 61,555                         |
| 17,056                   | 0                      | 0                          | 0                                   | 17,056                         |
| 1,040                    | 0                      | 0                          | 0                                   | 16,030                         |
| 0                        | 0                      | 0                          | 0                                   | 168,766                        |
| 200,140                  | 0                      | 15,391,709                 | 0                                   | 15,591,849                     |
| 0                        | 0                      | 0                          | 427,264                             | 427,264                        |
| 0                        | 0                      | 0                          | 7,577,347                           | 7,577,347                      |
| <u>\$252,616</u>         | <u>\$55,412</u>        | <u>\$15,391,709</u>        | <u>\$8,004,611</u>                  | <u>\$27,753,426</u>            |
| \$16,181                 | \$0                    | \$0                        | \$0                                 | \$123,430                      |
| 18,046                   | 0                      | 0                          | 0                                   | 529,193                        |
| 11,834                   | 0                      | 0                          | 172,660                             | 184,494                        |
| 23,801                   | 0                      | 0                          | 45,745                              | 192,378                        |
| 1,755                    | 0                      | 0                          | 0                                   | 2,978,392                      |
| 0                        | 38,513                 | 0                          | 0                                   | 38,513                         |
| 0                        | 0                      | 0                          | 66,557                              | 66,557                         |
| 0                        | 0                      | 0                          | 105,000                             | 105,000                        |
| 0                        | 0                      | 0                          | 7,614,649                           | 7,614,649                      |
| <u>71,617</u>            | <u>38,513</u>          | <u>0</u>                   | <u>8,004,611</u>                    | <u>11,832,606</u>              |
| 0                        | 0                      | 15,391,709                 | 0                                   | 15,391,709                     |
| 240,611                  | 0                      | 0                          | 0                                   | 240,611                        |
| (59,612)                 | 0                      | 0                          | 0                                   | (59,612)                       |
| 0                        | 0                      | 0                          | 0                                   | 45,420                         |
| 0                        | 10,000                 | 0                          | 0                                   | 10,000                         |
| 0                        | 0                      | 0                          | 0                                   | 14,990                         |
| 0                        | 0                      | 0                          | 0                                   | 59,169                         |
| 0                        | 0                      | 0                          | 0                                   | 21,865                         |
| 0                        | 0                      | 0                          | 0                                   | 90,097                         |
| 0                        | 0                      | 0                          | 0                                   | 56,804                         |
| 0                        | 0                      | 0                          | 0                                   | 249,276                        |
| 0                        | 0                      | 0                          | 0                                   | 24,863                         |
| 0                        | 6,899                  | 0                          | 0                                   | (224,372)                      |
| <u>180,999</u>           | <u>16,899</u>          | <u>15,391,709</u>          | <u>0</u>                            | <u>15,920,820</u>              |
| <u>\$252,616</u>         | <u>\$55,412</u>        | <u>\$15,391,709</u>        | <u>\$8,004,611</u>                  | <u>\$27,753,426</u>            |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

|   | Governmental Funds Types |                    |                  |                     | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|---|--------------------------|--------------------|------------------|---------------------|------------------------|--------------------------------|
|   | General                  | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Expendable<br>Trust    |                                |
| <b>Revenues:</b>  |                          |                    |                  |                     |                        |                                |
| Property Taxes  | \$2,315,928              | \$0                | \$657,038        | \$0                 | \$0                    | \$2,972,966                    |
| Intergovernmental   | 3,294,464                | 394,242            | 66,196           | 0                   | 0                      | 3,754,902                      |
| Interest  | 34,837                   | 672                | 23,249           | 0                   | 0                      | 58,758                         |
| Tuition and Fees  | 91,699                   | 0                  | 0                | 0                   | 0                      | 91,699                         |
| Extracurricular Activities  | 2,934                    | 111,381            | 0                | 0                   | 0                      | 114,315                        |
| Miscellaneous   | 25,161                   | 45,621             | 0                | 868                 | 480                    | 72,130                         |
| <b>Total Revenues</b>   | <b>5,765,023</b>         | <b>551,916</b>     | <b>746,483</b>   | <b>868</b>          | <b>480</b>             | <b>7,064,770</b>               |
| <b>Expenditures:</b>  |                          |                    |                  |                     |                        |                                |
| Current:  |                          |                    |                  |                     |                        |                                |
| Instruction:  |                          |                    |                  |                     |                        |                                |
| Regular   | 3,135,232                | 327,983            | 0                | 0                   | 0                      | 3,463,215                      |
| Special   | 269,126                  | 40,284             | 0                | 0                   | 0                      | 309,410                        |
| Vocational  | 58,609                   | 0                  | 0                | 0                   | 0                      | 58,609                         |
| Adult/Continuing  | 1,160                    | 0                  | 0                | 0                   | 0                      | 1,160                          |
| Other   | 89,028                   | 0                  | 0                | 0                   | 0                      | 89,028                         |
| Support Services:   |                          |                    |                  |                     |                        |                                |
| Pupils  | 204,077                  | 43,371             | 0                | 0                   | 0                      | 247,448                        |
| Instructional Staff   | 325,572                  | 26,332             | 0                | 0                   | 0                      | 351,904                        |
| Board of Education  | 10,190                   | 0                  | 0                | 0                   | 0                      | 10,190                         |
| Administration  | 564,949                  | 2,552              | 0                | 0                   | 0                      | 567,501                        |
| Fiscal  | 150,591                  | 0                  | 12,288           | 0                   | 0                      | 162,879                        |
| Operation and Maintenance of Plant  | 592,397                  | 0                  | 0                | 10,754              | 0                      | 603,151                        |
| Pupil Transportation  | 325,198                  | 0                  | 0                | 0                   | 0                      | 325,198                        |
| Central   | 8,011                    | 0                  | 0                | 0                   | 0                      | 8,011                          |
| Extracurricular Activities  | 173,879                  | 113,102            | 0                | 0                   | 0                      | 286,981                        |
| Capital Outlay  | 0                        | 0                  | 0                | 14,698              | 0                      | 14,698                         |
| Debt Service:   |                          |                    |                  |                     |                        |                                |
| Principal Retirement  | 0                        | 0                  | 358,874          | 0                   | 0                      | 358,874                        |
| Interest and Fiscal Charges   | 0                        | 0                  | 453,620          | 0                   | 0                      | 453,620                        |
| <b>Total Expenditures</b>   | <b>5,908,019</b>         | <b>553,624</b>     | <b>824,782</b>   | <b>25,452</b>       | <b>0</b>               | <b>7,311,877</b>               |
| Excess of Revenues Over<br>(Under) Expenditures   | (142,996)                | (1,708)            | (78,299)         | (24,584)            | 480                    | (247,107)                      |
| <b>Other Financing Sources (Uses):</b>  |                          |                    |                  |                     |                        |                                |
| Proceeds from Sale of Fixed Assets  | 70                       | 0                  | 0                | 0                   | 0                      | 70                             |
| Refund of Prior Year Expenditures   | 11,424                   | 0                  | 0                | 0                   | 0                      | 11,424                         |
| Other Financing Uses  | (44)                     | 0                  | 0                | 0                   | 0                      | (44)                           |
| Operating Transfers In  | 18,211                   | 600                | 51,084           | 0                   | 0                      | 69,895                         |
| Operating Transfers Out   | (52,010)                 | (18,211)           | 0                | 0                   | 0                      | (70,221)                       |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(22,349)</b>          | <b>(17,611)</b>    | <b>51,084</b>    | <b>0</b>            | <b>0</b>               | <b>11,124</b>                  |
| Excess of Revenues and Other<br>Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | (165,345)                | (19,319)           | (27,215)         | (24,584)            | 480                    | (235,983)                      |
| Fund Balance at Beginning of Year (Restated)  | (82,448)                 | 162,866            | 454,479          | 42,153              | 6,419                  | 583,469                        |
| Increase (Decrease) in Reserve for Inventory  | (9,374)                  | 0                  | 0                | 0                   | 0                      | (9,374)                        |
| <b>Fund Balance at End of Year</b>  | <b>(\$257,167)</b>       | <b>\$143,547</b>   | <b>\$427,264</b> | <b>\$17,569</b>     | <b>\$6,899</b>         | <b>\$338,112</b>               |

See accompanying notes to the general purpose financial statements

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

|  | General Fund      |                  |  | Special Revenue Funds |                  |  |
|--|-------------------|------------------|--|-----------------------|------------------|--|
|  | Revised<br>Budget | Actual           | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget     | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>   |                   |                  |  |                       |                  |  |
| Taxes  | 2,095,900         | 2,262,568        | \$166,668                              | \$0                   | \$0              | \$0                                    |
| Intergovernmental  | 3,492,288         | 3,294,464        | (197,824)                              | 396,435               | 394,242          | (2,193)                                |
| Interest   | 48,700            | 38,579           | (10,121)                               | 0                     | 0                | 0                                      |
| Tuition and Fees   | 20,000            | 91,555           | 71,555                                 | 500                   | 0                | (500)                                  |
| Extracurricular Activities   | 3,000             | 2,934            | (66)                                   | 70,000                | 113,055          | 43,055                                 |
| Miscellaneous  | 5,900             | 25,161           | 19,261                                 | 30,860                | 45,621           | 14,761                                 |
| <b>Total Revenues</b>  | <b>5,665,788</b>  | <b>5,715,261</b> | <b>49,473</b>                          | <b>497,795</b>        | <b>552,918</b>   | <b>55,123</b>                          |
| <b>Expenditures:</b>   |                   |                  |  |                       |                  |  |
| Current:   |                   |                  |  |                       |                  |  |
| Instruction:   |                   |                  |  |                       |                  |  |
| Regular  | 3,219,048         | 3,219,040        | 8                                      | 444,891               | 385,578          | 59,313                                 |
| Special  | 275,765           | 275,765          | 0                                      | 40,149                | 39,582           | 567                                    |
| Vocational   | 59,842            | 59,842           | 0                                      | 0                     | 0                | 0                                      |
| Adult/Continuing   | 1,160             | 1,160            | 0                                      | 0                     | 0                | 0                                      |
| Other  | 89,750            | 89,750           | 0                                      | 0                     | 0                | 0                                      |
| Support Services:  |                   |                  |  |                       |                  |  |
| Pupils   | 214,619           | 214,619          | 0                                      | 43,371                | 43,371           | 0                                      |
| Instructional Staff  | 333,132           | 333,084          | 48                                     | 35,729                | 27,572           | 8,157                                  |
| Board of Education   | 10,617            | 10,617           | 0                                      | 0                     | 0                | 0                                      |
| Administration   | 585,973           | 585,970          | 3                                      | 6,000                 | 3,632            | 2,368                                  |
| Fiscal   | 163,609           | 163,609          | 0                                      | 0                     | 0                | 0                                      |
| Operation and Maintenance of Plant   | 649,152           | 599,929          | 49,223                                 | 0                     | 0                | 0                                      |
| Pupil Transportation   | 324,020           | 324,020          | 0                                      | 0                     | 0                | 0                                      |
| Central  | 8,011             | 8,011            | 0                                      | 0                     | 0                | 0                                      |
| Extracurricular Activities   | 167,005           | 169,590          | (2,585)                                | 132,393               | 129,450          | 2,943                                  |
| Capital Outlay   | 0                 | 0                | 0                                      | 0                     | 0                | 0                                      |
| Debt Service:  |                   |                  |  |                       |                  |  |
| Principal Retirement   | 0                 | 0                | 0                                      | 0                     | 0                | 0                                      |
| Interest and Fiscal Charges  | 0                 | 0                | 0                                      | 0                     | 0                | 0                                      |
| <b>Total Expenditures</b>  | <b>6,101,703</b>  | <b>6,055,006</b> | <b>46,697</b>                          | <b>702,533</b>        | <b>629,185</b>   | <b>73,348</b>                          |
| <b>Excess of Revenues Over (Under) Expenditures</b>  | <b>(435,915)</b>  | <b>(339,745)</b> | <b>96,170</b>                          | <b>(204,738)</b>      | <b>(76,267)</b>  | <b>128,471</b>                         |
| <b>Other Financing Sources (Uses):</b>   |                   |                  |  |                       |                  |  |
| Proceeds from Sale of Fixed Assets   | 700               | 70               | (630)                                  | 500                   | 0                | (500)                                  |
| Refund of Prior Year Expenditures  | 2,000             | 1,112            | (888)                                  | 0                     | 0                | 0                                      |
| Refund of Prior Year Receipts  | (46)              | (46)             | 0                                      | 0                     | 0                | 0                                      |
| Advances In  | 73,500            | 73,500           | 0                                      | 0                     | 0                | 0                                      |
| Advances Out   | 0                 | 0                | 0                                      | 0                     | 0                | 0                                      |
| Operating Transfers In   | 0                 | 18,211           | 18,211                                 | 600                   | 600              | 0                                      |
| Operating Transfers Out  | (54,389)          | (52,010)         | 2,379                                  | (13,891)              | (18,211)         | (4,320)                                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>21,765</b>     | <b>40,837</b>    | <b>19,072</b>                          | <b>(12,791)</b>       | <b>(17,611)</b>  | <b>(4,820)</b>                         |
| <b>Excess of Revenues and Other Financing Sources<br/>Over (Under) Expenditures and Other Financing Uses</b> | <b>(414,150)</b>  | <b>(298,908)</b> | <b>115,242</b>                         | <b>(217,529)</b>      | <b>(93,878)</b>  | <b>123,651</b>                         |
| Fund Balances (Deficit) at Beginning of Year   | 238,453           | 238,453          | 0                                      | 121,908               | 121,908          | 0                                      |
| Prior Year Encumbrances Appropriated   | 175,697           | 175,697          | 0                                      | 93,936                | 93,936           | 0                                      |
| <b>Fund Balances (Deficit) at End of Year</b>  | <b>\$0</b>        | <b>\$115,242</b> | <b>\$115,242</b>                       | <b>(\$1,685)</b>      | <b>\$121,966</b> | <b>\$123,651</b>                       |

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

| Debt Service Fund |                  |                                  | Capital Projects Funds |                 |                                  | Expendable Trust Funds |                |                                  |
|-------------------|------------------|----------------------------------|------------------------|-----------------|----------------------------------|------------------------|----------------|----------------------------------|
| Revised Budget    | Actual           | Variance Favorable (Unfavorable) | Revised Budget         | Actual          | Variance Favorable (Unfavorable) | Revised Budget         | Actual         | Variance Favorable (Unfavorable) |
| \$645,800         | \$636,524        | (\$9,276)                        | \$0                    | \$0             | \$0                              | \$0                    | \$0            | \$0                              |
| 57,000            | 66,196           | 9,196                            | 50,000                 | 50,000          | 0                                | 0                      | 0              | 0                                |
| 24,000            | 28,152           | 4,152                            | 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                                | 5,210                  | 868             | (4,342)                          | 976                    | 976            | 0                                |
| <u>726,800</u>    | <u>730,872</u>   | <u>4,072</u>                     | <u>55,210</u>          | <u>50,868</u>   | <u>(4,342)</u>                   | <u>976</u>             | <u>976</u>     | <u>0</u>                         |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 7,040                  | 0              | 7,040                            |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 379,886           | 12,288           | 367,598                          | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 37,236                 | 32,650          | 4,586                            | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 14,698                 | 14,698          | 0                                | 0                      | 0              | 0                                |
| 358,874           | 358,874          | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 453,649           | 453,620          | 29                               | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| <u>1,192,409</u>  | <u>824,782</u>   | <u>367,627</u>                   | <u>51,934</u>          | <u>47,348</u>   | <u>4,586</u>                     | <u>7,040</u>           | <u>0</u>       | <u>7,040</u>                     |
| (465,609)         | (93,910)         | 371,699                          | 3,276                  | 3,520           | 244                              | (6,064)                | 976            | 7,040                            |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | (50,000)        | (50,000)                         | 0                      | 0              | 0                                |
| 51,113            | 51,084           | (29)                             | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| 0                 | 0                | 0                                | 0                      | 0               | 0                                | 0                      | 0              | 0                                |
| <u>51,113</u>     | <u>51,084</u>    | <u>(29)</u>                      | <u>0</u>               | <u>(50,000)</u> | <u>(50,000)</u>                  | <u>0</u>               | <u>0</u>       | <u>0</u>                         |
| (414,496)         | (42,826)         | 371,670                          | 3,276                  | (46,480)        | (49,756)                         | (6,064)                | 976            | 7,040                            |
| 414,496           | 414,496          | 0                                | 35,684                 | 35,684          | 0                                | 1,540                  | 1,540          | 0                                |
| 0                 | 0                | 0                                | 11,040                 | 11,040          | 0                                | 0                      | 0              | 0                                |
| <u>\$0</u>        | <u>\$371,670</u> | <u>\$371,670</u>                 | <u>\$50,000</u>        | <u>\$244</u>    | <u>(\$49,756)</u>                | <u>(\$4,524)</u>       | <u>\$2,516</u> | <u>\$7,040</u>                   |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

|   | <b>Proprietary<br/>Fund Type<br/>Enterprise</b> | <b>Fiduciary Fund<br/>Type<br/>Non-Expendable<br/>Trust</b> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|---|---|---|
| <b><u>Operating Revenues:</u></b>                             |   |   |   |
| Classroom Materials & Fees                                    | \$29,049  | \$0   | \$29,049                                |
| Charges for Services  | 258,990   | 0   | 258,990                                 |
| Total Operating Revenue                                       | <u>288,039</u>                                  | <u>0</u>  | <u>288,039</u>                          |
| <b><u>Operating Expenses:</u></b>                             |   |   |   |
| Salaries  | 116,360   | 0   | 116,360                                 |
| Fringe Benefits   | 49,742  | 0   | 49,742                                  |
| Purchased Services  | 1,949   | 0   | 1,949                                   |
| Materials and Supplies  | 42,353  | 0   | 42,353                                  |
| Cost of Sales   | 169,512   | 0   | 169,512                                 |
| Depreciation  | 22,834  | 0   | 22,834                                  |
| Other Operating Expenses                                      | 934   | 0   | 934                                     |
| Total Operating Expenses                                      | <u>403,684</u>                                  | <u>0</u>  | <u>403,684</u>                          |
| Operating Loss  | <u>(115,645)</u>                                | <u>0</u>  | <u>(115,645)</u>                        |
| <b><u>Non-Operating Revenues:</u></b>                         |   |   |   |
| Federal Donated Commodities                                   | 30,061  | 0   | 30,061                                  |
| Operating Grants  | 37,738  | 0   | 37,738                                  |
| Interest  | 1,170   | 0   | 1,170                                   |
| Total Non-Operating Revenues                                  | <u>68,969</u>                                   | <u>0</u>  | <u>68,969</u>                           |
| Net Income (Loss) Before Operating Transfers                  | (46,676)  | 0   | (46,676)                                |
| Transfers-in  | <u>326</u>                                      | <u>0</u>  | <u>326</u>                              |
| Net Income (Loss)   | (46,350)  | 0   | (46,350)                                |
| Retained Earning (Deficit) at Beginning<br>of Year - Restated | <u>(13,262)</u>                                 | <u>10,000</u>   | <u>(3,262)</u>                          |
| Retained Earnings (Deficit) at End of Year                    | (59,612)  | 10,000  | (49,612)                                |
| Contributed Capital at Beginning of Year - Restated           | 240,611   | 0   | 240,611                                 |
| Contributions During the Year                                 | <u>0</u>  | <u>0</u>  | <u>0</u>                                |
| Contributed Capital at End of Year                            | <u>240,611</u>                                  | <u>0</u>  | <u>240,611</u>                          |
| <b>Fund Equity (Deficit) at End of Year</b>                   | <b><u>\$180,999</u></b>                         | <b><u>\$10,000</u></b>                                      | <b><u>\$190,999</u></b>                 |

*See accompanying notes to the general purpose financial statements*

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

|   | <u>Proprietary Fund Types</u> |                |   | <u>Fiduciary Fund Type</u>       |                 |   |
|---|-------------------------------|----------------|---|----------------------------------|-----------------|---|
|   | <u>Enterprise Funds</u>       |                |   | <u>Nonexpendable Trust Funds</u> |                 |   |
|   | <u>Revised<br/>Budget</u>     | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> | <u>Revised<br/>Budget</u>        | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| <b>Revenues:</b>  |                               |                |   |                                  |                 |   |
| Charges for Services  | \$258,990                     | \$258,990      | (\$0)   | \$0                              | \$0             | \$0   |
| Classroom Material and Fees   | 29,049                        | 29,049         | (0)   | 0                                | 0               | 0   |
| Total Revenues  | <u>288,039</u>                | <u>288,039</u> | <u>(0)</u>                                      | <u>0</u>                         | <u>0</u>        | <u>0</u>  |
| <b>Expenses:</b>  |                               |                |   |                                  |                 |   |
| Salaries  | 106,100                       | 106,100        | 0   | 0                                | 0               | 0   |
| Fringe Benefits   | 54,532                        | 47,432         | 7,100   | 0                                | 0               | 0   |
| Purchased Services  | 2,802                         | 2,319          | 483   | 0                                | 0               | 0   |
| Materials and Supplies  | 283,824                       | 173,387        | 110,437   | 0                                | 0               | 0   |
| Capital Outlay  | 3,000                         | 0              | 3,000   | 0                                | 0               | 0   |
| Other   | 2,100                         | 934            | 1,166   | 0                                | 0               | 0   |
| Total Expenses  | <u>452,358</u>                | <u>330,172</u> | <u>122,186</u>                                  | <u>0</u>                         | <u>0</u>        | <u>0</u>  |
| Excess of Revenues Over (Under)<br>Expenses                                   | (164,319)                     | (42,133)       | 122,186   | 0                                | 0               | 0   |
| <b>Non-Operating Revenues (Expenses):</b>                                     |                               |                |   |                                  |                 |   |
| Operating Grants  | 43,937                        | 43,937         | 0   | 0                                | 0               | 0   |
| Interest  | 1,170                         | 1,170          | 0   | 0                                | 0               | 0   |
| Total Non-Operating Revenues (Expenses)                                       | <u>45,107</u>                 | <u>45,107</u>  | <u>0</u>  | <u>0</u>                         | <u>0</u>        | <u>0</u>  |
| Excess of Revenues Over (Under)<br>Expenses Before Transfers<br>and Advances  | (119,212)                     | 2,974          | 122,186   | 0                                | 0               | 0   |
| Advances Out  | (23,500)                      | (23,500)       | 0   | 0                                | 0               | 0   |
| Operating Transfers In  | 326                           | 326            | (0)   | 0                                | 0               | 0   |
| Excess of Revenues Over (Under) Expenses,<br>Advances and Operating Transfers | (142,386)                     | (20,200)       | 122,186   | 0                                | 0               | 0   |
| Fund Equity (Deficit) at<br>Beginning of Year                                 | 21,845                        | 21,845         | 0   | 10,000                           | 10,000          | 0   |
| Proir Year Encumbrances Appropriated  | 7,696                         | 7,696          | 0   | 0                                | 0               | 0   |
| Fund Equity (Deficit) at End of Year  | <u>(\$112,845)</u>            | <u>\$9,341</u> | <u>\$122,186</u>                                | <u>\$10,000</u>                  | <u>\$10,000</u> | <u>\$0</u>                                      |

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

|  | <b>Proprietary<br/>Fund Type</b> | <b>Fiduciary<br/>Fund Type</b> | <b>Totals</b>                |
|--|----------------------------------|--------------------------------|------------------------------|
|  | <b>Enterprise</b>                | <b>Nonexpendable<br/>Trust</b> | <b>(Memorandum<br/>Only)</b> |
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>   |                                  |                                |                              |
| <b>Cash Flows from Operating Activities:</b>   |                                  |                                |                              |
| Cash Received from Customers   | \$288,039                        | \$0                            | \$288,039                    |
| Cash Payments to Suppliers for Goods and Services  | (153,987)                        | 0                              | (153,987)                    |
| Cash Payments to Employees for Services  | (106,100)                        | 0                              | (106,100)                    |
| Cash Payments for Employee Benefits  | (47,432)                         | 0                              | (47,432)                     |
| Net Cash Provided by (Used for) Operating Activities   | (19,480)                         | 0                              | (19,480)                     |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |                                  |                                |                              |
| Operating Grants Received  | 43,937                           | 0                              | 43,937                       |
| Advances-out   | (23,500)                         |                                | (23,500)                     |
| Transfers-in   | 326                              | 0                              | 326                          |
| Net Cash Provided by Noncapital Financing Activities   | 20,763                           | 0                              | 20,763                       |
| <b>Cash Flows from Investing Activities:</b>   |                                  |                                |                              |
| Interest receipts  | 1,170                            | 0                              | 1,170                        |
| Net Cash Provided by Investing Activities  | 1,170                            | 0                              | 1,170                        |
| Net Increase (Decrease) in Cash and Cash Equivalents   | 2,453                            | 0                              | 2,453                        |
| Cash and Cash Equivalents at Beginning of Year   | 29,541                           | 10,000                         | 39,541                       |
| Cash and Cash Equivalents at End of Year   | \$31,994                         | \$10,000                       | \$41,994                     |
| <b>Reconciliation of Operating Income (Loss) to Net<br/>Cash Provided by (Used for) Operating Activities:</b>        |                                  |                                |                              |
| Operating Income (Loss)  | (\$115,645)                      | \$0                            | (\$115,645)                  |
| <b>Adjustments to Reconcile Operating Income (Loss)<br/>to Net Cash Provided by (Used for) Operating Activities:</b> |                                  |                                |                              |
| Depreciation   | 22,834                           | 0                              | 22,834                       |
| Donated Commodities Used During Year   | 30,061                           | 0                              | 30,061                       |
| Changes in Assets and Liabilities:   |                                  |                                |                              |
| (Increase)/Decrease in Materials and Supplies Inventory  | 15,978                           | 0                              | 15,978                       |
| (Increase)/Decrease in Prepaid Items   | (47)                             | 0                              | (47)                         |
| Increase/(Decrease) in Accounts Payable  | 15,141                           | 0                              | 15,141                       |
| Increase/(Decrease) in Accrued Salaries and Benefits   | 1,598                            | 0                              | 1,598                        |
| Increase/(Decrease) in Compensated Absences Payable  | 4,880                            | 0                              | 4,880                        |
| Increase/(Decrease) in Intergovernmental Payable   | 6,139                            | 0                              | 6,139                        |
| Increase/(Decrease) in Deferred Revenue  | (419)                            | 0                              | (419)                        |
| Total Adjustments  | 96,165                           | 0                              | 96,165                       |
| <b>Net Cash Provided by Operating Activities</b>   | <b>(\$19,480)</b>                | <b>\$0</b>                     | <b>(\$19,480)</b>            |
| <b>Reconciliation of Trust and Agency Funds:</b>   |                                  |                                |                              |
| Cash and Cash Equivalents - All Fiduciary Funds  | \$51,029                         |                                |                              |
| Cash and Cash Equivalents - All Agency Funds   | (38,513)                         |                                |                              |
| Cash and Cash Equivalents - All Expendable Trust Funds   | (2,516)                          |                                |                              |
| <b>Cash and Cash Equivalents - All Non-expendable Trust Funds</b>  | <b>\$10,000</b>                  |                                |                              |

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Bluffton Exempted Village School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Bluffton Exempted Village School District is a local school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999, was 1,240. The District employed 77 certificated employees and 47 non-certificated employees.

Bluffton Exempted Village School District provides regular, vocational, and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**A. REPORTING ENTITY (Continued)**

The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units. Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending). There are no component units shown in the current financial statements.

The School District is associated with seven organizations which are defined as jointly governed organizations, related organizations and public entity risk pools. These organizations include Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Joint Vocational School, Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program, West Central Ohio Regional Professional Development Center, Allen County Schools Health Benefit Plan, West Central Ohio Special Education Regional Resources Center (SERRC) and Bluffton Richland Public Library. These organizations are presented in Notes 17, 18 and 19 to the general purpose financial statements.

Management believes the financial statements included in this report represent all of the funds of the School District over which Bluffton Exempted Village School District is financially accountable for.

**B. FUND ACCOUNTING**

The District uses funds and account groups to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities and functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**GOVERNMENTAL FUND TYPES:**

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

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

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**B. FUND ACCOUNTING (Continued)**

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

*PROPRIETARY FUND TYPES:*

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

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

*FIDUCIARY FUND TYPES:*

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Agency Funds are presented on a budgetary basis with note disclosure, if applicable, regarding items which, in other fund types, would be subject to accrual.

*ACCOUNT GROUPS*

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

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

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

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)**

The modified accrual basis of accounting is followed for Governmental Funds and Expendable Trust Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent).

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

Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

**D. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. 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 fiscal 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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**D. BUDGETARY PROCESS (Continued)**

Tax Budget:

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each fiscal year, for the period July 1 to June 30 of the following 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 April 1. As part of this 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 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 fiscal year. The certificate may be further amended during the fiscal year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during the fiscal year.

Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each fiscal year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each fiscal year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level. The appropriation resolution may be amended during the fiscal 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 fiscal year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the fiscal year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

Encumbrances:

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

Lapsing of Appropriations:

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENT  
JUNE 30, 2000  
(Continued)**

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

**E. EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$34,837, which includes \$10,996 assigned from other District funds.

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

**F. INTERFUND ASSETS /LIABILITIES**

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

**G. INVENTORIES**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost (first in, first out) or market and consists of expendable supplies for resale. The costs of inventory items are recognized as expenditures in governmental fund types when purchased and expenses in the proprietary fund types when used. 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. PREPAID ITEMS**

Prepayments and deferrals for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayment and deferrals are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**I. RESTRICTED ASSETS**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization and a reserve for textbooks and instructional materials. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**J. FIXED ASSETS**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

**K. COMPENSATED ABSENCES**

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

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

The total liability for severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The severance liability of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long Term Debt Account Group. The severance liability for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**L. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

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

**M. CONTRIBUTED CAPITAL**

Contributed capital represents resources from other funds. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings.

**N. FUND BALANCE RESERVES AND DESIGNATIONS**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, budget stabilization, textbooks and instructional materials, prepaids, bus purchase, and contributions to the nonexpendable trust fund that must be kept intact. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

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

**O. INTERGOVERNMENTAL REVENUES**

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**O. INTERGOVERNMENTAL REVENUES (Continued)**

*Entitlements*

General Fund

State Foundation Program  
State Property Tax Relief

Debt Service Fund

State Property Tax Relief

*Non-Reimbursable Grants*

Special Revenue Funds

Teacher Development  
Management Information Systems  
Textbook/Instructional Materials Subsidy  
Dwight Eisenhower Professional Development  
Title VI-B  
Title I  
Title VI  
Drug Free Schools

Capital Project Funds

School Net  
Emergency School Building Repairs

*Reimbursable Grants*

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

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

**P. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

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

**Q. ESTIMATES**

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

**R. MEMORANDUM ONLY - TOTAL COLUMNS**

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

**NOTE 3 - FUND DEFICITS**

At June 30, 2000, the General Fund had a deficit fund balance of \$257,167 and the retained earning in the Enterprise Funds also had a deficit balance of \$59,612. The deficits resulted from the application of generally accepted accounting principles. The General Fund is liable for any deficit in the Enterprise Fund and provides operating transfers when cash is required, not when accruals occur.

**NOTE 4 - PRIOR PERIOD ADJUSTMENT**

In fiscal year 1999, an expendable trust fund was incorrectly classified as non-expendable trust. Along with this, the accounts receivable for the expendable trust fund was overstated. A few special revenue funds were also classified incorrectly as expendable trust. The correction of these errors had the following effect on the fund balance/retained earnings as they were previously reported as of June 30, 1999:

|   | <b>Expendable<br/>Trust</b> | <b>Non-Expendable<br/>Trust</b> |
|---|-----------------------------|---------------------------------|
| Balances as previously reported                   | \$2,370                     | \$30,719                        |
| Restatement due to reclassification of funds      | 18,349                      | (20,719)                        |
| Restatement due to overstated accounts receivable | (14,300)                    | 0                               |
| Restated Balances as of June 30, 1999             | 6,419                       | \$10,000                        |

In fiscal year 1999, the School District did not post all of the fixed assets in the lunchroom, nor did they post all the contributed capital. The corrections had the following effects on the Enterprise retained earnings and contributed capital as they were previously reported as of June 30, 1999:

|                                       | <b>Retained<br/>Earnings</b> | <b>Contributed<br/>Capital</b> |
|---------------------------------------|------------------------------|--------------------------------|
| Balances as previously reported       | \$66,701                     | \$123,111                      |
| Restatement for contributed capital   | (117,500)                    | 117,500                        |
| Restatement for fixed assets          | 37,537                       | 0                              |
| Restated Balances as of June 30, 1999 | (13,262)                     | 240,611                        |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 5 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim moneys may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency services shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENT  
JUNE 30, 2000  
(Continued)**

**NOTE 5 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of 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.

Cash on Hand: At fiscal year end, the School District had \$600 in undeposited cash on hand which is included on the Combined Balance Sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$820,334 and the bank balance was \$834,830. Of the bank balance \$200,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions trust departments in the School District's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirement could potentially subject the School District to a successful claim by the FDIC.

**NOTE 6 - PROPERTY TAXES**

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 6 - PROPERTY TAXES (Continued)**

|   | 1999 Second-<br>Half Collections |                | 2000 First-<br>Half Collections |                |
|---|----------------------------------|----------------|---------------------------------|----------------|
|   | Amount                           | Percent        | Amount                          | Percent        |
| Agricultural/Residential<br>and Other Real Estate | \$66,876,870                     | 71.00%         | \$69,652,750                    | 72.91%         |
| Public Utility                                    | 63,690                           | .07            | 58,570                          | 0.06           |
| Tangible Personal Property                        | 27,254,022                       | 28.93          | 25,817,181                      | 27.03          |
| Total Assessed Value                              | <u>\$94,194,582</u>              | <u>100.00%</u> | <u>\$95,528,501</u>             | <u>100.00%</u> |
| Tax rate per \$1,000 of<br>assessed valuation     | \$40.91                          |                | \$45.81                         |                |

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$193,682 in the general fund and \$55,594 in the permanent improvement capital projects fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of taxes, interest, accounts (billings for user charged services), and loans receivables. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

| <u>Receivables</u>     | <u>Amount</u> |
|------------------------|---------------|
| General Fund           |               |
| Taxes                  | \$2,582,387   |
| Accounts               | 10,423        |
| Special Revenue Fund:  |               |
| Accrued Interest       | 672           |
| Debt Service Fund:     |               |
| Taxes                  | 643,526       |
| Trust and Agency Fund: |               |
| Loans                  | 4,268         |
| Accrued Interest       | 115           |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 8 - FIXED ASSETS**

The following is a summary of changes in the general fixed assets account group during the fiscal year:

|                       | Balance<br>7/1/99   | Additions         | Retirements | Balance<br>6/30/00  |
|-----------------------|---------------------|-------------------|-------------|---------------------|
| Land                  | \$873,105           | \$0               | \$0         | 873,105             |
| Buildings             | 11,151,985          | 4,086             | 0           | 11,156,071          |
| Building Improvements | 507,932             | 0                 | 0           | 507,932             |
| Equipment             | 1,702,722           | 224,747           | 0           | 1,927,469           |
| Books                 | 300,825             | 0                 | 0           | 300,825             |
| Vehicles              | 567,588             | 58,719            | 0           | 626,307             |
| <b>Total</b>          | <b>\$15,104,157</b> | <b>\$ 287,552</b> | <b>0</b>    | <b>\$15,391,709</b> |

The following is a summary of proprietary fund-type fixed assets at June 30, 2000:

|                                | Enterprise<br>Funds |
|--------------------------------|---------------------|
| Machinery and Equipment        | \$347,231           |
| Less: Accumulated Depreciation | (147,091)           |
| <b>Net Fixed Assets</b>        | <b>\$200,140</b>    |

**NOTE 9 - LONG-TERM DEBT**

Long-term obligations of the School District as of June 30, 2000 were as follows:

| General Long-Term<br>Account Group  | Outstanding<br>6/30/1999 | Additions      | Deductions       | Outstanding<br>6/30/2000 |
|---|--------------------------|----------------|------------------|--------------------------|
| 1986 School Building Construction<br>8.00%; Matures 12/1/08                                       | \$1,920,000              | \$0            | \$190,000        | \$1,730,000              |
| 1997 Construction Bonds<br>5.51%; Matures 12/1/21   | 6,009,649                | 0              | 125,000          | 5,884,649                |
| Environmental Protection Agency<br>1988 Asbestos Abatement Loan<br>Interest Free; Matures 7/31/08 | 75,431                   | 0              | 8,874            | 66,557                   |
| 1993 Energy Conservation Note<br>5.50%; Matures 4/22/03   | 140,000                  | 0              | 35,000           | 105,000                  |
| Intergovernmental Payable   | 78,769                   | 0              | 33,024           | 45,745                   |
| Compensated Absences  | 170,829                  | 1,831          | 0                | 172,660                  |
| <b>Total General Long<br/>Term Obligations</b>  | <b>\$8,394,678</b>       | <b>\$1,831</b> | <b>\$391,898</b> | <b>\$8,004,611</b>       |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENT  
JUNE 30, 2000  
(Continued)**

**NOTE 9 - LONG-TERM DEBT (Continued)**

Outstanding general obligation bonds consist of two school building construction issues. 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.

The Environmental Protection Agency loan was obtained for asbestos removal, in accordance with the Asbestos School Hazard Abatement Act of 1984, on an interest free basis. The loan will be retired from the debt service fund.

The Energy Conservation Note was obtained for funding energy conserving capital improvements in accordance with AM. Sub. H.B. 264. The loan will be retired from the debt service fund.

Intergovernmental Payable consist of amounts due outside of the available period of sixty days after year-end. The Intergovernmental Payable is made up of SERS employers benefits for August through December.

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid.

The annual requirements to amortize all bond and note debt outstanding as of June 30, 2000, including interest is as follows:

| Fiscal Year Ending<br>June 30         | General Obligation<br>Bonds | Notes                   | Loans                  |
|---------------------------------------|-----------------------------|-------------------------|------------------------|
| 2001                                  | \$755,735                   | \$40,295                | \$8,874                |
| 2002                                  | 749,150                     | 38,370                  | 8,874                  |
| 2003                                  | 741,715                     | 36,445                  | 8,874                  |
| 2004                                  | 733,435                     | 0                       | 8,874                  |
| 2005                                  | 724,380                     | 0                       | 8,874                  |
| 2006-2010                             | 3,305,188                   | 0                       | 22,187                 |
| 2011-2015                             | 2,535,588                   | 0                       | 0                      |
| 2016-2020                             | 2,480,112                   | 0                       | 0                      |
| 2021-2022                             | 954,912                     |                         |                        |
| Total                                 | <u>12,980,215</u>           | <u>115,110</u>          | <u>66,557</u>          |
| Less: Amount<br>representing interest | 5,365,566                   | 10,110                  | 0                      |
| Total                                 | <u><u>\$7,614,649</u></u>   | <u><u>\$105,000</u></u> | <u><u>\$66,557</u></u> |

**NOTE 10 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The government maintains two enterprise funds to account for the operations of food service and uniform school supplies. Financial segment information as of and for the fiscal year ended June 30, 2000 is presented below:

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 10 - SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)**

|   | Food Service | Uniform School<br>Supply | Total     |
|---|--------------|--------------------------|-----------|
| Operating Revenues                              | \$ 258,990   | \$29,049                 | \$288,039 |
| Operating Expenses before<br>Depreciation       | 355,225      | 25,625                   | 380,850   |
| Depreciation Expense                            | 22,834       | 0                        | 22,834    |
| Operating Income (Loss)                         | (119,069)    | 3,424                    | (115,645) |
| Donated Commodities                             | 30,061       | 0                        | 30,061    |
| Operating Grants                                | 37,738       | 0                        | 37,738    |
| Transfer-In                                     | 0            | 326                      | 326       |
| Interest  | 1,170        | 0                        | 1,170     |
| Net Income (Loss)                               | (50,100)     | 3,750                    | (46,350)  |
| Net Working Capital                             | (24,297)     | 5,156                    | (19,141)  |
| Total Assets                                    | 246,420      | 6,196                    | 252,616   |
| Total Equity                                    | 175,843      | 5,156                    | 180,999   |
| Encumbrances Outstanding at<br>6/30/00 (Budget) | 370          | 22,283                   | 22,653    |

**NOTE 11 - COMPENSATED ABSENCES**

Sick Leave:

Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave is cumulative to one hundred eight-eight (188) days for both non-certified staff and certified staff.

Service Retirement:

Certified Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on twenty-five percent (25%) of accumulative sick leave up to a maximum of 47 days. Employees must have ten years service with Bluffton Exempted Village School system.

Non-Certified Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on twenty-five percent (25%) of accumulative sick leave up to a maximum of 40 days. Employees must have ten years service with Bluffton Exempted Village School system.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 12 - BUDGETARY BASIS**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Retained Earnings, Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types and Similar Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds, and as a note disclosure in the proprietary fund types and nonexpendable trust funds (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the fiscal year on the Budget Basis to the GAAP basis are as follows:

| <u>Excess of Revenues and Other Sources Over (Under)<br/>Expenditures/Expenses and Other Financing Uses</u> |                    |                            |                         |                             |                              |
|---|--------------------|----------------------------|-------------------------|-----------------------------|------------------------------|
|   | <u>General</u>     | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trusts</u> |
| Budget Basis  | \$(298,908)        | \$(93,878)                 | \$(42,826)              | \$(46,480)                  | \$976                        |
| Adjustments:  |                    |                            |                         |                             |                              |
| Revenue Accruals  | (13,425)           | (1,002)                    | 15,611                  | (50,000)                    | (496)                        |
| Expenditure Accruals  | 76,217             | 42,945                     | 0                       | 47,166                      | 0                            |
| Encumbrances  | 70,771             | 32,616                     | 0                       | 24,730                      | 0                            |
| GAAP Basis  | <u>\$(165,345)</u> | <u>\$(19,319)</u>          | <u>\$(27,215)</u>       | <u>\$(24,584)</u>           | <u>\$480</u>                 |

|                  | <u>Enterprise</u> | <u>Nonexpendable<br/>Trust</u> |
|------------------|-------------------|--------------------------------|
| Budget Basis     | \$(20,200)        | \$0                            |
| Adjustments:     |                   |                                |
| Revenue Accruals | 23,862            | 0                              |
| Expense Accruals | (72,665)          | 0                              |
| Encumbrances     | 22,653            | 0                              |
| GAAP Basis       | <u>\$(46,350)</u> | <u>\$0</u>                     |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 13 - HEALTH INSURANCE**

The School District offers life insurance to most employees through CoreSource. The School District has elected to offer employee hospitalization and dental benefits through the Allen County Schools Health Benefit Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract.

**NOTE 14 - PENSION AND RETIREMENT PLANS**

The employees of the Bluffton Exempted Village School District are covered by either the School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System of Ohio (STRS). The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$111,860, \$101,193 and \$86,219, respectively; 46.27 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$60,108 is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$397,862, \$420,465, and \$389,080, respectively; 80.5 percent has been contributed for fiscal year

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 14 - PENSION AND RETIREMENT PLANS** (Continued)

2000 and 100 percent for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$77,542, is recorded as a liability within the respective funds.

**C. Social Security System**

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

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve. For the School District, this amount equaled \$227,350 for fiscal year 2000.

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

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$75,051 during the 2000 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expense for health care at June 30, 1999, was \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 16 - RISK MANAGEMENT**

The District does not have a "self-insurance" fund with formalized risk management programs.

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

During fiscal year 1999, the District purchased from Nationwide Insurance Company general liability insurance, which carried a \$2 million per occurrence/\$5 million annual aggregate limit with an additional \$1 million umbrella coverage.

Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded.

Coverages were not significantly reduced from the prior year and settlement amounts did not exceed coverage amounts for each of the past three years.

The School District participates in the Allen County Schools Health Benefit Plan (the Plan), a public entity shared risk pool consisting of the school districts within Allen County. The School District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**Northwest Ohio Area Computer Services Cooperative** - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among member school districts, including both public school districts and county boards of education, in Allen, Auglaize, Hancock, Mercer, Paulding, Putnam, and Van Wert counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each school supports NOACSC based upon a per pupil charge. The Governing Board of NOACSC consists of two representatives from each county and one representative from the fiscal agent. The representatives from each county are elected by a majority vote of all county member schools. Financial information can be obtained from Michael Wildermuth, Director, at 645 South Main St., Lima, Ohio 45804.

**Apollo Joint Vocational School** - The Apollo Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Joint Vocational School, Greg Bukowski, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

**West Central Ohio Special Education Regional Resource Center** - The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up the 50 superintendents of the participating districts, one non-public school, and

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

Wright State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

**West Central Ohio Regional Professional Development Center (Center)** - The Center is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities than are tied directly to school improvement, and in particular, to improvements in instructional programs. The Center is governed by a board made up of fifty-two representatives of the participating school districts, the business community, and two institutions of higher learning whose term rotates every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information may be obtained by contacting Dorothy Oldham, Treasurer, Hancock County Educational Service Center, 604 Lima Avenue, Findlay, Ohio 45840-3087.

**NOTE 18 - INSURANCE PURCHASING POOL**

**Allen County Schools Health Benefit Plan** - The School District participates in the Allen County Schools Health Benefit Plan (the Program), a public entity shared risk pool consisting of the school districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, CoreSource, concerning aspects of the administration of the Trust. Each school district decides which plans offered the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Don Smith, who serves as Chairman, at 204 North Main Street, Lima, Ohio 45801.

**Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program** The School District participates in the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a twenty-five member Board of directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program and its financial operations.

**NOTE 19 - RELATED ORGANIZATIONS**

**Bluffton-Richland Public Library** - The Bluffton-Richland Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Bluffton Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bluffton-Richland Public Library, Ben Diepenbrock, Clerk/Treasurer, at 145 S. Main Street, Bluffton, Ohio 45817.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 20 - 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 that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the District received \$3,056,152 of school foundation support for its general fund.

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

**NOTE 21 - 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 was as follows:

|  | <u>Textbook</u> | <u>Capital</u>    | <u>Budget</u>   | <u>Total</u>       |
|--|-----------------|-------------------|-----------------|--------------------|
| Balance as of June 30, 1999                | \$0             | \$0               | \$64,446        | \$64,446           |
| Revenue Required to be Set-aside           | 137,108         | 137,108           | 45,703          | 319,919            |
| WC Rebates in FY'00                        |                 |                   | 1,155           | 1,155              |
| Qualifying Expenditures (Paid in Cash)     | (80,304)        | (148,238)         | 0               | (228,542)          |
| Offset - WC Rebates                        |                 |                   | (21,207)        | (21,207)           |
| Balance as of June 30, 2000                | <u>\$56,804</u> | <u>(\$11,130)</u> | <u>90,097</u>   | <u>(\$135,771)</u> |
| Cash Carried Forward to Fiscal Year 2000   | <u>\$56,804</u> | <u>\$0</u>        | <u>\$90,097</u> | \$146,901          |
| Amount restricted for bus purchases        |                 |                   |                 | 21,865             |
| Total Restricted Cash and Cash Equivalents |                 |                   |                 | <u>\$168,766</u>   |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE 22 - CONTINGENT LIABILITIES**

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

| <b>Federal Grantor/<br/>Pass Through Grantor<br/>Program Title</b> | <b>Pass<br/>Through<br/>Entity<br/>Number</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Receipts</b>  | <b>Non-Cash<br/>Receipts</b> | <b>Disbursements</b> | <b>Non-Cash<br/>Disbursements</b> |
|--|---|------------------------------------|------------------|------------------------------|----------------------|-----------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                              |   |                                    |                  |                              |                      |                                   |
| (Passed through Ohio Department of Education)                      |   |                                    |                  |                              |                      |                                   |
| Nutrition Cluster:   |   |                                    |                  |                              |                      |                                   |
| Special Milk Program (B)   | 045211-02-PU-0000                             | 10.556                             | \$1,915          | \$0                          | \$1,915              | \$0                               |
| National School Lunch Program (B)                                  | 045211-04-PU-0000                             | 10.555                             | 40,776           | 0                            | 40,776               | 0                                 |
| Food Distribution  | N/A   | 10.550                             | 0                | 30,118                       | 0                    | 30,536                            |
| Total U.S. Department of Agriculture - Nutrition Cluster           |   |                                    | 42,691           | 30,118                       | 42,691               | 30,536                            |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                |   |                                    |                  |                              |                      |                                   |
| (Passed through Ohio Department of Education)                      |   |                                    |                  |                              |                      |                                   |
| Special Education-Grants to States                                 | 045211-6B-SF-2000                             | 84.027                             | 42,369           | 0                            | 42,369               | 0                                 |
| Total  |   |                                    | 42,369           | 0                            | 42,369               | 0                                 |
| Title I Grants to Local Educational Agencies                       | 045211-C1-S1-2000                             | 84.010                             | 40,149           | 0                            | 39,582               | 0                                 |
| Total  |   |                                    | 40,149           | 0                            | 39,582               | 0                                 |
| Drug-Free Schools  | 045211-DR-S1-2000                             | 84.186                             | 3,367            | 0                            | 3,212                | 0                                 |
| Total  |   |                                    | 3,367            | 0                            | 3,212                | 0                                 |
| Eisenhower Professional Development State Grants                   | 045211-MS-S1-2000                             | 84.281                             | 3,568            | 0                            | 3,149                | 0                                 |
| Total  |   |                                    | 3,568            | 0                            | 3,149                | 0                                 |
| Class Size Reduction Subsidy                                       | 045211-CR-S1-2000                             | 84.340                             | 11,148           | 0                            | 9,073                | 0                                 |
| Total  |   |                                    | 11,148           | 0                            | 9,073                | 0                                 |
| Technology Literacy Challenge Fund Grant                           | 045211-TF-VM-2000                             | 84.318                             | 252,000          | 0                            | 339,500              | 0                                 |
| Total  |   |                                    | 252,000          | 0                            | 339,500              | 0                                 |
| Continuous Improvement Development                                 | 045211-G2-S2-2000                             | 84.276                             | 0                | 0                            | 4,481                | 0                                 |
|  |   |                                    | 0                | 0                            | 4,481                | 0                                 |
| Innovative Education Program Strategies                            | 045211-C2-S1-1999C                            | 84.298                             | 813              | 0                            | 813                  | 0                                 |
| Innovative Education Program Strategies                            | 045211-C2-S1-2000                             | 84.298                             | 6,171            | 0                            | 6,171                | 0                                 |
| Total  |   |                                    | 6,984            | 0                            | 6,984                | 0                                 |
| Total U.S. Department of Education                                 |   |                                    | 359,585          | 0                            | 448,350              | 0                                 |
| <b>Total Federal Assistance</b>                                    |   |                                    | <b>\$402,276</b> | <b>\$30,118</b>              | <b>\$491,041</b>     | <b>\$30,536</b>                   |

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE A –SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had \$ 1,755 in donated food commodity inventory.

**NOTE C - MATCHING REQUIREMENTS**

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on the Schedule.

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

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Board of Education:

We have audited the financial statements of Bluffton Exempted Village School District, Allen County (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2000-10202-001 and 2000-10202-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated November 20, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 20, 2000.

Bluffton Exempted Village School District  
Allen County  
Report of Independent Accountants on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

November 20, 2000



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

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Board of Education:

**Compliance**

We have audited the compliance of Bluffton Exempted Village School District, Allen County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Bluffton Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. We did however note certain instances of noncompliance that do not require inclusion in this report, that we have reported to management of the District in a separate management letter dated November 20, 2000.

**Internal Control Over Compliance**

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

Bluffton Exempted Village School District  
Allen County  
Report of Independent Accountants on Compliance With Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance  
In Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 20, 2000.

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

**Jim Petro**  
Auditor of State

November 20, 2000

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |  |
|---------------------|---|--|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unqualified  |
| <b>(d)(1)(ii)</b>   | <b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>         | No   |
| <b>(d)(1)(ii)</b>   | <b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b> | No   |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>                       | Yes  |
| <b>(d)(1)(iv)</b>   | <b>Were there any material internal control weakness conditions reported for major federal programs?</b>              | No   |
| <b>(d)(1)(iv)</b>   | <b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>      | No   |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified  |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under § .510?</b>  | No   |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Technology Literacy Challenge Fund<br>CFDA# 84.318 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 300,000<br>Type B: all others         |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee?</b>  | No   |

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

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

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | 2000-10202-001 |
|-----------------------|----------------|

17 C.F.R. Section 240.15c2-12, states the issuer of municipal securities and/or obligated persons (i.e. entities directly or contingently responsible for repaying the securities) must agree in writing, to provide to all approved Nationally Recognized Municipal Security Information Repositories (NRMSIRs) and to the State Information Depository (SID), annual financial information and operating data, timely material event notices, and audited financial statements, when and if available.

The official statement and Continuing Disclosure Certificate for the 1997 School Improvement Bonds requires Bluffton Exempted Village School District to meet the requirements listed above not later than the 270<sup>th</sup> day following the end of each fiscal year beginning with fiscal year 1997, and continuing with each fiscal year thereafter. The District failed to file the annual financial information and the audited financial statements with the NRMSIRs and the SID as required.

The District should implement procedures to ensure the annual financial information and the audited financial statements are filed with the NRMSIRs and the SID.

|                       |                |
|-----------------------|----------------|
| <b>Finding Number</b> | 2000-10202-002 |
|-----------------------|----------------|

Ohio Admin. Code Section 3301-92-01(D), states that the amount set aside for textbook and instructional materials shall be accounted for within the school district's general fund using a reasonable accounting method. The school district shall appropriate from the amount set-aside for textbook and instruction materials and maintain appropriate accounting records for amounts expended. Any unexpended balance carried forward to the subsequent fiscal year does not reduce the amount of the set aside required by section (C) of this rule.

The District did not spend the required amount for textbook and instructional materials during FY '00, nor did they establish the required set-aside within the General Fund. The accompanying financial statements reflect an audit adjustment to establish the required set aside and the adjustment has been posted to the accounting records.

The District should establish the required set-aside within the General Fund when the expenditures do not exceed the required amount.



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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 26, 2000**