



**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
GENERAL-PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Cash Balances – All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types	6
Combined Statement of Revenues, Expenditures, and Changes in Retained Earnings – All Proprietary Fund Types	8
Combined Statement of Cash Flows - All Proprietary Fund Types	9
Notes to the General Purpose Financial Statements	11
Schedule of Federal Awards Receipts and Expenditures	39
Notes to the Schedule of Federal Awards Receipts and Expenditures	40
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	43
Schedule of Findings	45

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Mount Gilead Exempted Village School District
Morrow County
14 North Cherry Street
P.O. Box 239
Mount Gilead, Ohio 43338-0239

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 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 receipts and 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

December 7, 2000

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS										
ASSETS:										
Equity in pooled cash and cash equivalents	\$1,910,303	\$218,671	\$78,968	\$9,619,804	\$29,203	\$0	\$14,244	\$0	\$0	\$11,871,193
Cash with fiscal agent				0	0	709,439	0	0	0	709,439
Receivables (net of allowances of uncollectibles):										
Property taxes - current & delinquent	2,623,138	0	499,493	53,421	0	0	0		0	3,176,052
Accounts	0	866	0	0	4,693	48,424	0	0	0	53,983
Accrued interest	0	0	0	47,227	0	0	0	0	0	47,227
Due from other governments	1,250	3,867	0	0	0		0	0	0	5,117
Prepayments	10,857	0	0	0	0		0	0	0	10,857
Materials and supplies inventory		0	0	0	7,835	0	0	0	0	7,835
Restricted assets:										
Equity in pooled cash and cash equivalents	94,027	0	0	0	0	0	0	0	0	94,027
Property, plant and equipment (net of accumulated depreciation where applicable)	0	0	0	0	24,468	0	0	6,011,904	0	6,036,372
OTHER DEBITS:										
Amount available in Debt Service Fund	0	0	0	0	0	0	0	0	125,817	125,817
Amount to be provided for retirement of General Long-Term Obligations	0 *	0	0	0	0	0	0	0	1,703,880	1,703,880
Total assets and other debits	4,639,575	223,404	578,461	9,720,452	66,199	757,863	14,244	6,011,904	1,829,697	23,841,799

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
LIABILITIES, EQUITY AND OTHER CREDITS										
LIABILITIES:										
Accounts payable	\$80,519	\$2,378	\$0	\$133,710	\$0	\$0	\$0	\$0	\$0	\$216,607
Accrued wages and benefits	614,172	57,254	0	0	15,780	0	0	0	0	687,206
Compensated absences payable	9,793	0	0	0	10,300	0	0	0	304,851	324,944
Due to other governments	1,691	0	242	44	0	0	0	0	0	1,977
Claims payable	0	0	0	0	0	40,372	0	0	0	40,372
Pension obligation payable.	100,344	10,438	0	0	15,898	0	0	0	59,799	186,479
Deferred revenue	2,110,765	0	452,402	47,570	3,880	0	0	0	0	2,614,617
Due to students	0	0	0	0	0	0	14,244	0	0	14,244
General obligation bonds payable	0	0	0	0	0	0	0	0	1,390,000	1,390,000
School facilities note payable.	0	0	0	9,000,000	0	0	0	0	0	9,000,000
Obligation under capital lease	0	0	0	0	0	0	0	0	75,047	75,047
Total liabilities.	2,917,284	70,070	452,644	9,181,324	45,858	40,372	14,244	0	1,829,697	14,551,493
EQUITY AND OTHER CREDITS:										
Investment in general fixed assets	0	0	0	0	0	0	0	6,011,904	0	6,011,904
Retained earnings: unreserved	0	0	0	0	20,341	717,491	0	0	0	737,832
Fund balances:										
Reserved for encumbrances	133,960	30,483	0	76,038	0	0	0	0	0	240,481
Reserved for prepayments.	10,857	0	0	0	0	0	0	0	0	10,857
Reserved for debt service	0	0	79,371	0	0	0	0	0	0	79,371
Reserved for tax revenue unavailable for appropriation	184,891	0	46,446	5,044	0	0	0	0	0	236,381
Reserved for budget stabilization	94,027	0	0	0	0	0	0	0	0	94,027
Designated for budget stabilization.	1,068	0	0	0	0	0	0	0	0	1,068
Unreserved-undesignated	1,297,488	122,851	0	458,046	0	0	0	0	0	1,878,385
Total equity and other credits	1,722,291	153,334	125,817	539,128	20,341	717,491	0	6,011,904	0	9,290,306
Total liabilities, equity and other credits	\$4,639,575	\$223,404	\$578,461	\$9,720,452	\$66,199	\$757,863	\$14,244	\$6,011,904	\$1,829,697	\$23,841,799

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Revenues:					
From local sources:					
Taxes	\$3,239,274	\$0	\$345,005	\$68,993	\$3,653,272
Tuition	0	23,155	0	0	23,155
Earnings on investments.	110,606	0	0	484,831	595,437
Other local revenues.	132,735	204,080	0	0	336,815
Intergovernmental - State.	4,113,747	234,227	33,536	6,562	4,388,072
Intergovernmental - Federal	0	437,020	0	0	437,020
Total revenue	7,596,362	898,482	378,541	560,386	9,433,771
Expenditures:					
Current:					
Instruction:					
Regular.	3,494,783	198,393	0	0	3,693,176
Special	456,356	344,275	0	0	800,631
Vocational	182,427	0	0	0	182,427
Other	55,595	0	0	0	55,595
Support services:					
Pupil	408,872	7,544	0	0	416,416
Instructional staff.	333,354	32,136	0	0	365,490
Board of Education.	74,178	0	0	0	74,178
Administration	562,208	150,764	0	0	712,972
Fiscal	226,749	1,769	8,070	44	236,632
Operations and maintenance	1,047,666	0	0	0	1,047,666
Pupil transportation.	384,861	0	0	0	384,861
Community services.	24,860	5,555	0	0	30,415
Extracurricular activities	142,301	125,313	0	0	267,614
Facilities services	13,979	0	0	1,447,094	1,461,073
Capital outlay	82,740	0	0	0	82,740
Debt service:					
Principal retirement	20,803	0	10,000	0	30,803
Interest and fiscal charges.	8,722	0	77,437	146,768	232,927
Total expenditures.	7,520,454	865,749	95,507	1,593,906	10,075,616
Excess (deficiency) of revenues over (under) expenditures	75,908	32,733	283,034	(1,033,520)	(641,845)
Other financing sources (uses):					
Operating transfers in.		1,690		200,490	202,180
Operating transfers out	(20,492)	0	(200,490)	0	(220,982)
Proceeds of capital lease transaction	89,295	0	0	0	89,295
Total other financing sources (uses).	68,803	1,690	(200,490)	200,490	70,493
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	144,711	34,423	82,544	(833,030)	(571,352)
Fund balance, July 1.	1,577,580	118,911	43,273	1,372,158	3,111,922
Fund balance, June 30.	<u>\$1,722,291</u>	<u>\$153,334</u>	<u>\$125,817</u>	<u>\$539,128</u>	<u>\$2,540,570</u>

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes.....	\$3,175,000	\$3,236,598	\$61,598	\$0	\$0	\$0
Tuition.....	0	0	0	21,152	23,155	2,003
Earnings on investments.....	185,000	109,504	(75,496)	1,505	1,689	184
Other local revenues.....	108,000	126,130	18,130	175,406	192,092	16,686
Intergovernmental - State.....	4,041,000	4,112,919	71,919	210,270	230,359	20,089
Intergovernmental - Federal.....	0	0	0	417,530	457,336	39,806
Total revenues.....	<u>7,509,000</u>	<u>7,585,151</u>	<u>76,151</u>	<u>825,863</u>	<u>904,631</u>	<u>78,768</u>
Expenditures:						
Current:						
Instruction:						
Regular.....	3,529,502	3,638,355	(108,853)	177,371	150,411	26,960
Special.....	441,816	470,946	(29,130)	367,385	346,621	20,764
Vocational.....	172,360	186,850	(14,490)	0	0	0
Other.....	80,000	55,595	24,405	0	0	0
Support services:						
Pupil.....	524,687	416,285	108,402	15,244	7,829	7,415
Instructional staff.....	337,056	368,871	(31,815)	46,867	25,370	21,497
Board of Education.....	118,103	72,428	45,675	0	0	0
Administration.....	607,004	623,566	(16,562)	161,713	152,105	9,608
Fiscal.....	262,325	229,930	32,395	3,010	1,769	1,241
Operations and maintenance.....	1,163,128	1,090,787	72,341	0	0	0
Pupil transportation.....	367,350	441,736	(74,386)	0	0	0
Central.....	20,430	24,861	(4,431)	0	0	0
Community services.....	0	0	0	6,316	5,736	580
Extracurricular activities.....	141,600	137,515	4,085	153,042	139,461	13,581
Facilities services.....	65,425	20,452	44,973	450	0	450
Pass-through intergovernmental.....	28,044	0	28,044	0	0	0
Debt service:	0	0	0	0	0	0
Principal retirement.....	0	0	0	0	0	0
Interest and fiscal charges.....	0	0	0	0	0	0
Total expenditures.....	<u>7,858,830</u>	<u>7,778,177</u>	<u>80,653</u>	<u>931,398</u>	<u>829,302</u>	<u>102,096</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(349,830)</u>	<u>(193,026)</u>	<u>156,804</u>	<u>(105,535)</u>	<u>75,329</u>	<u>180,864</u>
Other financing sources (uses):						
Refund of prior year's expenditures.....	0	8,237	8,237	0	0	0
Refund of prior year's (receipts).....	0	0	0	(52,807)	(52,807)	0
Operating transfers in.....	56,800	0	(56,800)	10,200	11,148	948
Operating transfers (out).....	(18,000)	(18,802)	(802)	0	0	0
Proceeds of notes.....	0	0	0	0	0	0
Total other financing sources (uses).....	<u>38,800</u>	<u>(10,565)</u>	<u>(49,365)</u>	<u>(42,607)</u>	<u>(41,659)</u>	<u>948</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)...	<u>(311,030)</u>	<u>(203,591)</u>	<u>107,439</u>	<u>(148,142)</u>	<u>33,670</u>	<u>181,812</u>
Fund balances, July 1.....	1,929,913	1,929,913	0	145,505	145,505	0
Prior year encumbrances appropriated.....	<u>63,529</u>	<u>63,529</u>	<u>0</u>	<u>6,635</u>	<u>6,635</u>	<u>0</u>
Fund balances, June 30.....	<u>\$1,682,412</u>	<u>\$1,789,851</u>	<u>\$107,439</u>	<u>\$3,998</u>	<u>\$185,810</u>	<u>\$181,812</u>

(Continued)

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

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$63,500	\$304,370	\$240,870	\$70,000	\$69,841	(\$159)	\$3,308,500	\$3,610,809	\$302,309
0	0	0	0	0	0	0	23,155	2,003
0	0	0	72,623	442,604	369,981	259,128	553,797	294,669
0	0	0	0	0	0	283,406	318,222	34,816
34,102	33,534	(568)	1,076	6,561	5,485	4,286,448	4,383,373	96,925
0	0	0	0	0	0	417,530	457,336	39,806
97,602	337,904	240,302	143,699	519,006	375,307	8,576,164	9,346,692	770,528
0	0	0	0	0	0	3,706,873	3,788,766	(81,893)
0	0	0	0	0	0	809,201	817,567	(8,366)
0	0	0	0	0	0	172,360	186,850	(14,490)
0	0	0	0	0	0	80,000	55,595	24,405
0	0	0	0	0	0	539,931	424,114	115,817
0	0	0	0	0	0	383,923	394,241	(10,318)
0	0	0	0	0	0	118,103	72,428	45,675
0	0	0	0	0	0	768,717	775,671	(6,954)
8,690	7,827	863	0	0	0	274,025	239,526	34,499
0	0	0	0	0	0	1,163,128	1,090,787	72,341
0	0	0	0	0	0	367,350	441,736	(74,386)
0	0	0	0	0	0	20,430	24,861	(4,431)
0	0	0	0	0	0	6,316	5,736	580
0	0	0	0	0	0	294,642	276,976	17,666
0	0	0	1,564,561	1,528,572	35,989	1,630,436	1,549,024	81,412
0	0	0	0	0	0	28,044	28,044	0
0	0	0	0	0	0	9,010,000	9,010,000	0
9,010,000	9,010,000	0	0	0	0	270,490	282,926	(12,436)
270,490	282,926	(12,436)	0	0	0	9,289,180	9,300,753	(11,573)
9,289,180	9,300,753	(11,573)	1,564,561	1,528,572	35,989	19,643,969	19,436,804	207,165
(9,191,578)	(8,962,849)	228,729	(1,420,862)	(1,009,566)	411,296	(11,067,805)	(10,090,112)	977,693
0	0	0	0	0	0	0	8,237	8,237
0	0	0	0	0	0	(52,807)	(52,807)	0
0	0	0	0	0	0	67,000	11,148	(55,852)
0	0	0	0	0	0	(18,000)	(18,802)	(802)
9,182,576	9,000,000	(182,576)	0	9,000,000	9,000,000	9,182,576	18,000,000	8,817,424
9,182,576	9,000,000	(182,576)	0	9,000,000	9,000,000	9,178,769	17,947,776	8,769,007
(9,002)	37,151	46,153	(1,420,862)	7,990,434	9,411,296	(1,889,036)	7,857,664	9,746,700
41,817	41,817	0	337,895	337,895	0	2,455,130	2,455,130	0
0	0	0	1,081,724	1,081,724	0	1,151,888	1,151,888	0
\$32,815	\$78,968	\$46,153	(\$1,243)	\$9,410,053	\$9,411,296	\$1,717,982	\$11,464,682	\$9,746,700

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$22,636	\$0	\$22,636
Sales/charges for services	199,689	579,369	779,058
	<hr/>	<hr/>	<hr/>
Total operating revenues	222,325	579,369	801,694
Operating expenses:			
Personal services	145,657	0	145,657
Contract services	483	0	483
Materials and supplies	198,441	54,997	253,438
Depreciation	1,835	0	1,835
Claims expense	0	388,826	388,826
	<hr/>	<hr/>	<hr/>
Total operating expenses	346,416	443,823	790,239
Operating income (loss)	(124,091)	135,546	11,455
Nonoperating revenues:			
Operating grants	75,228	0	75,228
Federal commodities	21,573	0	21,573
Interest revenue	649	33,921	34,570
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	97,450	33,921	131,371
Net income (loss) before operating transfers	(26,641)	169,467	142,826
Operating transfers in	18,802	0	18,802
	<hr/>	<hr/>	<hr/>
Net income (loss)	(7,839)	169,467	161,628
Retained earnings July 1	28,180	548,024	576,204
	<hr/>	<hr/>	<hr/>
Retained earnings June 30	<u>\$20,341</u>	<u>\$717,491</u>	<u>\$737,832</u>

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from tuition and fees	\$20,142	\$0	\$20,142
Cash received from sales/service charges	199,689	580,313	780,002
Cash payments for personal services	(140,654)	(62,797)	(203,451)
Cash payments for contract services	(483)	0	(483)
Cash payments for supplies and materials	(177,047)	0	(177,047)
Cash payments for claims.	0	(415,395)	(415,395)
Net cash provided by (used in) operating activities	(98,353)	102,121	3,768
Cash flows from noncapital financing activities:			
Cash received from operating grants	87,953	0	87,953
Cash received from operating transfers	18,802	0	18,802
Net cash provided by noncapital financing activities	106,755	0	106,755
Cash flows from capital and related financing activities:			
Acquisition of capital assets.	(5,117)	0	(5,117)
Net cash used in capital and related financing activities	(5,117)	0	(5,117)
Cash flows from investing activities:			
Interest received.	649	33,921	34,570
Net cash provided by investing activities	649	33,921	34,570
Net increase in cash and cash equivalents	3,934	136,042	139,976
Cash and cash equivalents at beginning of year	25,269	573,397	598,666
Cash and cash equivalents at end of year	<u>\$29,203</u>	<u>\$709,439</u>	<u>\$738,642</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(\$124,091)	\$135,546	\$11,455
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation.	1,835	0	1,835
Federal donated commodities.	21,573	0	21,573
Changes in assets and liabilities:			
Decrease in supplies inventory	1,578	0	1,578
(Increase) decrease in accounts receivable	(2,494)	944	(1,550)
Decrease in accounts payable	0	(7,800)	(7,800)
Decrease in accrued wages & benefits	(2,480)	0	(2,480)
Decrease in compensated absences payable	(2,835)	0	(2,835)
Decrease in claims payable	0	(26,569)	(26,569)
Increase in pension obligation payable.	10,318	0	10,318
Decrease in deferred revenue	(1,757)	0	(1,757)
Net cash provided by (used in) operating activities	<u>(\$98,353)</u>	<u>\$102,121</u>	<u>\$3,768</u>

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

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**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Mount Gilead Exempted Village School District (the "District") is located in Morrow County, including all of the Village of Mount Gilead, Ohio, and portions of surrounding townships. The District serves an area of approximately 68 square miles.

The District was established in 1873 through the consolidation of existing land areas and school districts, and in 1960 the Edison School District also became part of the Mount Gilead Exempted Village School District. The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 396th largest by enrollment among the 660 public and community school districts in the State, and the third largest in Morrow County. It currently operates 3 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 59 non-certified and 106 certified employees to provide services to approximately 1,346 students in grades K through 12 and various community groups.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Jointly Governed Organizations:

Tri-Rivers Educational Computer Association (TRECA)

TRECA is a jointly governed organization among 21 school districts. TRECA was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each of the governments of these schools supports TRECA based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions. TRECA is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information is available from Mike Carder, Director, at 2222 Marion/Mt. Gilead Road, Marion, Ohio 43302.

Tri Rivers Joint Vocational School

The Tri Rivers Joint Vocational School (the "JVS") is a district political subdivision of the State of Ohio. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school district's elected board, and one representative from the Delaware-Union Educational Service Center. The JVS possesses its own budgeting and taxing authority. Financial information is available from the Tri Rivers Joint Vocational School, at 2222 Marion/Mt. Gilead Road, Marion, Ohio 43302.

Related Organization:

Mount Gilead Public Library

The Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and has issued tax related debt on behalf of the Library, its role is limited to a ministerial function. The Library may issue debt and determines its own budget. Library general obligation debt currently serviced by the District is described in Note 11.

The District also participates in a public entity risk sharing pool, described in Note 3.

B. Fund Accounting

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Funds:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

Proprietary Funds:

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

Enterprise Funds

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Funds: (Continued)

Internal Service Funds

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

Fiduciary Funds:

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

Account Groups:

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

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

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 are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

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

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term 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. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

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

D. Budgets

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets (Continued)

The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Morrow County Budget Commission for tax rate determination.
3. Prior to April 1st, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets (Continued)

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

	<u>Increase/(Decrease)</u>
Special Revenue	\$ (28,089)
Debt Service	9,206,180
Capital Projects	77,690
Enterprise	6,314
Total Net Increase	<u>\$9,262,095</u>

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end (not recognized as accounts payable) appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrance for Enterprise funds are disclosed in Note 14 to the financial statements.

E. Cash and Investments

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

During fiscal 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, and repurchase agreements.

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

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

By policy of the Board of Education, all investment earnings (excluding interest earned on cash with fiscal agent) are assigned to the General fund and Debt Service fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal 2000 amounted to \$110,606, including \$102,348 assigned from other funds (not including interest on cash with fiscal agent).

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

F. Inventory

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

G. Prepaids

Prepayments 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 prepayments 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.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Proprietary Funds

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

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Buildings	30-50
Building Improvements	10-20
Improvements other than buildings	10-20
Furniture, fixtures and minor equipment	8-20
Vehicles	10-15

I. Intergovernmental Revenues

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available (to the extent such grants and entitlements relate to the current fiscal year). Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations (excluding commodities) are recognized as non-operating revenues in the accounting period in which they are measurable and earned.

The District currently participates in various state and federal programs categorized as follows:

<u>Entitlements</u>	<u>Non-Reimbursable Grants</u>
<u>General Fund</u> State Foundation Program State Property Tax Relief	<u>Special Revenue Funds</u> Education for Economic Security Title IV Alternative & Recovery School Venture Capital Auxiliary Services SchoolNet Professional Development Ohio Reads Teacher Development Management Information Systems
<u>Special Revenue Funds</u> Disadvantaged Pupil Impact Aid	Title VI-B Title I
<u>Debt Service Fund</u> State Property Tax Relief	
<u>Capital Projects Funds</u> State Property Tax Relief	

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

<u>Non-Reimbursable Grants- (Cont'd)</u>	<u>Reimbursable Grants</u>
<u>Special Revenue Funds - (Cont'd)</u>	<u>General Fund</u>
Title VI	School Bus Purchases
Drug-Free Schools	Driver Education
Entry Year Program	Vocational Education Travel/Salary
<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
SchoolNet	National School Lunch Program
	National School Milk Program

Grants and entitlements amounted to approximately 48% of the District's operating revenue during the 2000 fiscal year.

J. Interfund Transactions

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

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

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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 GASB Statement No. 16, 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 or greater with at least five years of service; or twenty years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

L. Long-Term Obligations

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Equity

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

Designated fund balances represent tentative plans of management which are subject to change.

N. Statutory Reserves

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

	Instructional Materials	Capital Maintenance	Budget Stabilization	Total
Set-aside cash balance as of July 1, 1999	\$0	\$0	\$94,027	\$94,027
Current year set-aside requirements	170,153	170,153	0	340,306
Current year offsets	0	(76,402)	0	(76,402)
Qualifying disbursements	(170,153)	(93,751)	0	(263,904)
Total, June 30, 2000	0	0	94,027	94,027
Cash balance carried forward to FY2001	\$0	\$0	\$94,027	\$94,027

The District is not required to set-aside money for budget stabilization because revenues did not increase by 3%.

During fiscal year 2000, and in the prior year, the District elected to set-aside a total of \$1,068 in excess of the statutory requirement for budget stabilization. This amount is reported as designated fund balance on the combined balance sheet.

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

Amount restricted for budget stabilization	\$ 94,027
Amount restricted for capital maintenance	0
Amount restricted for instructional materials	<u>0</u>
Total restricted assets	<u>\$ 94,027</u>

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Statement of Cash Flows

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

P. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The District accounts for its Proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Parochial Schools

Gilead Christian School operates within the District's boundaries. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and fiduciary responsibility of these state monies by the District is reflected in a Special Revenue fund for financial reporting purposes.

R. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization and other reserves. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. Fund balance reserves have also been established. See Note 2.N. for statutory reserves. Cash is not restricted for designations of fund balance, because designations are not required by statute, and may be changed or eliminated at management's discretion.

S. Estimates

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

T. 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 is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 2000 included the following individual fund deficit:

<u>Special Revenue Funds</u>	<u>Deficit Balance</u>
Title I	\$(15,155)

This GAAP deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers of deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

B. Budgetary Non-Compliance

The following fund had appropriations in excess of the final fiscal 2000 Amended Official Certificate of Estimated Resources, contrary to Section 5705.39, Ohio Revised Code:

<u>Fund Type/Fund/Function</u>	<u>Excess</u>
Capital Projects	\$1,243

The following fund accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.39, Ohio Revised Code:

General Fund	
Regular Instruction	108,853
Special Instruction	29,130
Vocational Instruction	14,490
Instructional Staff Support	31,815
Administration	16,562
Pupil Transportation	74,386
Central Support	4,431
Debt Service Fund	
Interest and Fiscal charges	12,436

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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

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

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Cash on Hand: At year end, the District had \$1,300 in undeposited cash on hand, which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not part of the total deposits reported below.

Cash with Fiscal Agent: At year end, \$709,439 was on deposit with the District's fiscal agent for insurance claims, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At year-end the carrying amount of the District's deposits was \$10,024,668 and the bank balance was \$10,330,353 (both amounts include \$9,906,532 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$303,500 was covered by federal deposit insurance.
2. \$10,026,853 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

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

	Fair Value
Not Subject to Categorization:	
Investment in Sate	
Treasurer's Investment Pool	\$1,939,252
Total Investments	\$1,939,252

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

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

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$11,965,220	
Investment of the Cash Management Pool:		
State Treasurer's Investment Pool	(\$1,939,252)	(\$1,939,252)
Cash on hand	<u>(\$1,300)</u>	<u> </u>
GASB Statement No. 3	\$10,024,668	(\$1,939,252)

5. INTERFUND TRANSACTIONS

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$ (20,492)
<u>Special Revenue Fund</u>		
Public School Support	\$ 1,690	
<u>Enterprise Fund</u>		
Uniform School Supplies	18,802	
Debt Service Fund		(200,490)
<u>Capital Projects Fund</u>		
Building	<u>200,490</u>	<u> </u>
Totals	<u>\$220,982</u>	<u>\$(220,982)</u>

6. PROPERTY TAXES

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

6. PROPERTY TAXES (Continued)

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

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

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

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

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$68,235,120	75.52	\$ 90,280,630	80.64
Public Utility Personal	8,783,390	9.72	8,711,110	7.78
Tangible Personal Property	<u>13,333,160</u>	<u>14.76</u>	<u>12,963,780</u>	<u>11.58</u>
	<u>\$90,351,670</u>	<u>100.00</u>	<u>\$111,955,520</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
Operations	\$42.80		\$42.80	
Permanent Improvement	1.00		1.00	
Debt Service	.80		5.50	

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

The Morrow County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

6. PROPERTY TAXES - (Continued)

advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2000 totaled \$184,891 in the General fund, \$5,044 in the Permanent Improvement fund and \$46,446 in the Debt Service fund.

7. FIXED ASSETS

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

	<u>Balance</u>		<u>Decreases</u>	<u>Balance</u>
	<u>July 1, 1999</u>	<u>Increases</u>		<u>June 30, 2000</u>
Land/Improvements	\$ 648,173	\$ 7,685		\$ 655,858
Buildings	3,459,190	121,831		3,581,021
Furniture/Equipment	847,943	291,968	\$(27,595)	1,112,346
Vehicles	<u>644,589</u>	<u>49,181</u>	<u>(31,091)</u>	<u>662,679</u>
Total	<u>\$5,599,895</u>	<u>\$470,665</u>	<u>\$(58,656)</u>	<u>\$6,011,904</u>

There was no significant construction in progress.

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

Furniture and Equipment	\$ 127,700
Less Accumulated Depreciation	<u>(103,232)</u>
Net Fixed Assets	<u>\$ 24,468</u>

8. SCHOOL DISTRICT INCOME TAX

In fiscal 1996, voters of the District passed a 3/4% income tax, effective for five years. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal 2000, credited to the General fund, was \$793,235, which includes a receivable of \$296,502 for the 2nd calendar quarter of 2000.

9. RECEIVABLES

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

9. RECEIVABLES - (Continued)

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Real Taxes - Current & Delinquent	\$2,326,636
Income Taxes	296,502
 <u>Special Revenue</u>	
Due From Other Governments	3,867
 <u>Debt Service Fund</u>	
Taxes - Current and Delinquent	499,493
 <u>Capital Projects Funds</u>	
Taxes - Current & Delinquent	53,421
Accrued Interest	47,227
 <u>Enterprise Funds</u>	
Accounts	4,693
 <u>Internal Service Funds</u>	
Accounts	48,424

10. CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years and in the current year, the District has entered into capitalized lease agreements for copiers. New leases are accounted for as a capital outlay expenditure and other financing source.

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$89,295, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2000 fiscal year totaled \$20,803. This amount is reflected as debt service principal retirement in the General fund.

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

10. CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

General Long-Term Obligations

<u>Year Ending June 30</u>	<u>Copier</u>
2001	\$ 22,969
2002	22,969
2003	22,970
2004	22,969
Total Future Minimum Lease Payments	91,877
Less: Amount Representing Interest	<u>(16,830)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 75,047</u>

The District does not have a capitalized lease obligation after fiscal year 2004.

11. LONG-TERM OBLIGATIONS

- A. The library bonds outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these notes are recorded as expenditures in the Debt Service fund. The source of payment is derived from a .80 mill bonded debt (library) tax levy.

The following is a description of the Mount Gilead Public Library bonds outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Bonds Outstanding 07/01/99</u>	<u>Issued During Fiscal 2000</u>	<u>Retired in Fiscal 2000</u>	<u>Bonds Outstanding 06/30/00</u>
Public Library Construction	Various	04/28/98	12/01/18	\$1,400,000	\$ 0	\$(10,000)	\$1,390,000
Total				<u>\$1,400,000</u>	<u>\$ 0</u>	<u>\$(10,000)</u>	<u>\$1,390,000</u>

- B. The following is a summary of the District's future annual debt service requirements to maturity:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 40,000	\$ 63,183	\$ 103,183
2002	50,000	61,493	111,493
2003	55,000	59,484	114,484
2004	55,000	57,339	112,339
2005	55,000	55,139	110,139
2006 - 2010	320,000	237,467	557,467
2011 - 2015	405,000	153,575	558,575
2016 - 2019	410,000	41,829	451,829
Total	<u>\$1,390,000</u>	<u>\$729,509</u>	<u>\$2,119,509</u>

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

11. LONG-TERM OBLIGATIONS (Continued)

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

	<u>Balance</u> <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2000</u>
Compensated Absences	\$ 350,167		\$ (45,316)	\$ 304,851
General Obligation Bonds	1,400,000		(10,000)	1,390,000
Pension Benefit Obligation	66,643	\$ 59,799	(66,643)	59,799
Capital Lease	<u>6,555</u>	<u>89,295</u>	<u>(20,803)</u>	<u>75,047</u>
TOTAL	<u>\$1,823,365</u>	<u>\$149,094</u>	<u>\$(142,762)</u>	<u>\$1,829,697</u>

- D. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$10,075,997 and an unvoted debt margin of \$111,956.

12. NOTES PAYABLE

- A. In the current period, the District issued a note in anticipation of bond proceeds from a \$9 million issue approved by the voters of the District in the November, 1999 general election. This note is a general obligation of the District, for which the full faith and credit of the District are pledged for repayment. This note is a liability of the Building Capital Projects fund, which received the proceeds upon issuance.

The following is a description of the District's bond anticipation note outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Original</u> <u>Amount</u>	<u>Notes</u>		<u>Retired</u> <u>in 2000</u>	<u>Outstanding</u> <u>06/30/00</u>
					<u>Outstanding</u> <u>07/01/99</u>	<u>Issued</u> <u>in 2000</u>		
Tax Anticipation Note	4.48%	03/20/00	12/20/00	<u>\$9,000,000</u>	<u>\$ 0</u>	<u>\$18,000,000</u>	<u>\$(9,000,000)</u>	<u>\$9,000,000</u>
Totals				<u>\$9,000,000</u>	<u>\$ 0</u>	<u>\$18,000,000</u>	<u>\$(9,000,000)</u>	<u>\$9,000,000</u>

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$75,000 for each health benefits claim. The plan is offered to school districts state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by Self Funded Plans, Inc. of Cleveland. Through OME-RESA, the District purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The District's independent third-party administrator has actuarially determined that \$40,372 is a good and sufficient provision for all unmaturing claim obligations (including both reported but unpaid claims and incurred but not reported claims, as well as an allowance for claim settlement expenses on the estimated unpaid claims) as of June 30, 2000. This amount is non-discounted and is based upon historical claims experience.

The claims liability of \$40,372 reported in the Fund at June 30, 2000 is based on the provisions of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount during fiscal 2000 and available prior years:

	Beginning of Fiscal Year <u>Liability</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	Balance at Fiscal Year-End
1999- 2000	\$ 66,941	\$362,257	\$388,826	\$ 40,372
1998- 1999	107,436	385,995	426,490	66,941
1997 -1998	109,932	378,870	381,366	107,436
1996 -1997	60,183	419,478	369,729	109,932
1995 -1996	63,989	309,415	313,221	60,183

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 16. As such, no funding provisions are required by the District.

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

13. RISK MANAGEMENT (Continued)

OSBA WORKER'S COMPENSATION GROUP RATING PROGRAM

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

14. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenue	\$ 199,689	\$ 22,636	\$ 222,325
Depreciation	1,835		1,835
Operating Loss	(107,531)	(16,560)	(124,091)
Non-Operating Revenue:			
Operating Grants	75,228		75,228
Federal Commodities	21,573		21,573
Net Income (Loss)	(10,081)	(16,560)	(26,641)
Operating Transfers:			
In:		18,802	18,802
Net Working Capital	1,147	5,026	6,173
Fixed Assets:			
Additions	5,117		5,117
Total Assets	61,173	5,026	66,199
Long-Term Liabilities			
Payable from Fund Revenues	10,300		10,300
Total Fund Equity	15,315	5,026	20,341
Encumbrances Outstanding as of 6/30/00	344	6	350

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

15. DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$142,806, \$148,847, and \$150,946, respectively; 49 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$72,450, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. STATE TEACHERS RETIREMENT SYSTEM

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$525,984, \$547,544, and \$510,778, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$88,780, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the STRS or the SERS have an option to choose Social Security or the SERS/STRS. As of June 30, 2000, members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

16. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$300,562 during the 2000 fiscal year.

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

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal 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 District, the amount to fund health care benefits, including the surcharge, equaled \$107,866 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. Expenses for health care at June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

17. BUDGETARY BASIS OF ACCOUNTING

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 is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

17. BUDGETARY BASIS OF ACCOUNTING (Continued)

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).
- (d) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- (e) The District repays short-term note debt from the Debt Service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt Service fund resources used to pay both principal and interest have been reclassified accordingly.

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

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

	Governmental Fund Types			
	General Fund	Revenue Funds	Special Service Fund	Debt Capital Projects Fund
Budget Basis	\$(203,591)	\$ 33,670	\$ 37,151	\$ 7,990,434
Net Adjustment for Revenue Accruals	11,211	(6,149)	40,637	41,380
Net Adjustment for Expenditure Accruals	49,799	(69,308)	9,205,246	(275,085)
Net Adjustment for Other Sources/(Uses)	72,813	43,349	(9,200,490)	(8,799,510)
Adjustment for Encumbrances	<u>214,479</u>	<u>32,861</u>	<u>0</u>	<u>209,751</u>
GAAP Basis	<u>\$ 144,711</u>	<u>\$ 34,423</u>	<u>\$ 82,544</u>	<u>\$ (833,030)</u>

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

18. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

The District was not involved in litigation as either plaintiff or defendant at period end.

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,792,477 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, is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

19. SIGNIFICANT SUBSEQUENT EVENTS

Voters of the District approved the replacement of a 1 mill permanent improvement levy with a .5 mill permanent improvement levy in the November 7, 2000 general election.

MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT

MORROW COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000
(CASH BASIS)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$19,949	\$0	\$17,650
National School Lunch Program	045534-03/04-PU-00-99/00	10.555	83,434	0	83,434	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>83,434</u>	<u>19,949</u>	<u>83,434</u>	<u>17,650</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	045534-C1-S1-99/00	84.010	257,416	0	265,378	0
Special Education Grants to States (IDEA Part B)	045534-6B-SF-99/00P	84.027	86,573	0	77,668	0
Title VI Grants to Local Educational Agencies	045534-C2-S1-99/00	84.151	3,206	0	3,691	0
Safe and Drug Free Schools - State Grants Title IV, Part A, Subpart 1 of ESEA	045534-DR-S1-99/00	84.186	11,744	0	7,607	0
Goals 2000 State and Local Education Systemic Improvement Grants	045534-G2-S2-2000	84.276	35,000	0	56,980	0
Eisenhower Professional Development - State Grants	045534-MS-S1-2000	84.281	2,305	0	1,083	0
State Improvement Grants	045534-ST-S1-2000	84.323	50,000	0	25	0
Total U.S. Department of Education			<u>446,244</u>	<u>0</u>	<u>412,432</u>	<u>0</u>
Total Federal Awards			<u>\$529,678</u>	<u>\$19,949</u>	<u>\$495,866</u>	<u>\$17,650</u>

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

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

JUNE 30, 2000

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

Board of Education
Mount Gilead Exempted Village School District
Morrow County
14 North Cherry Street
P.O. Box 239
Mount Gilead, Ohio 43338-0239

We have audited the general purpose financial statements of Mount Gilead Exempted Village School District, Morrow County, Ohio (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 7, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 7, 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 December 7, 2000.

Mount Gilead Exempted Village School District
Morrow County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

December 7, 2000



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

Board of Education
Mount Gilead Exempted Village School District
Morrow County
14 North Cherry Street
P.O. Box 239
Mount Gilead, Ohio 43338-0239

Compliance

We have audited the compliance of Mount Gilead Exempted Village School District, Morrow County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2000. 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, the 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.

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.

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 Mount Gilead Exempted Village School District or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

JIM PETRO
Auditor of State

December 7, 2000

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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MT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT

MORROW 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**