

**Upper Sandusky Exempted
Village School District**

GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

**C
D
UNI & PANICHI
INC.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM**

**Upper Sandusky Exempted
Village School District**

GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

GENERAL-PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Independent Auditors' Report.....	1
Combined Balance Sheet - All Fund Types and Account Groups.....	2-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Equity - All Governmental Fund Types.....	6-7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund	8-17
Combined Statement of Revenues, Expenses, and Changes in Fund Balances/Equity - All Proprietary Fund Types and Non-Expendable Trust Funds.....	18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types and Non-Expendable Trust Funds	19-21
Combined Statement of Cash Flows - All Proprietary Fund Types and Non-Expendable Trust Funds.....	22-23
Notes to the General-Purpose Financial Statements.....	24-51
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	52-53
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	54-55
Schedule of Expenditures of Federal Awards	56
Notes to the Schedule of Expenditures of Federal Awards.....	57
Schedule of Findings (OMB Circular A-133 Section .505).....	58
Schedule of Prior Audit Findings and Questioned Costs (OMB Circular A-133 Section .315(b)).....	59
Response to Findings Associated With Audit Conducted in Accordance with <i>Government Auditing Standards</i>	60



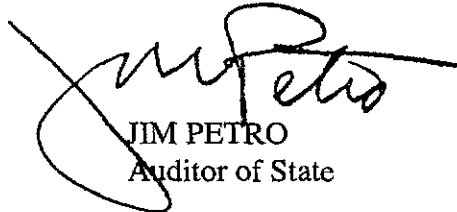
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Education
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

We have reviewed the Independent Auditor's Report of the Upper Sandusky Exempted Village School District, Wyandot County, prepared by Ciuni & Panichi, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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


JIM PETRO
Auditor of State

March 15, 2000

Independent Auditors' Report

Board of Education
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

We have audited the accompanying general-purpose financial statements of Upper Sandusky Exempted Village School District, Wyandot County, Ohio (the District) as of and for the year ended June 30, 1999, 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 represent fairly, in all material respects, the financial position of the Upper Sandusky Exempted Village School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2000 on our considerations of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Ciuni & Panichi, Inc.

Cleveland, Ohio
February 17, 2000

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity with Treasurer in Pooled Cash and Cash Equivalents	\$ 2,312,633	\$ 232,252	\$ 157,457
Cash and Cash Equivalents with Fiscal Agent	2,937	-	-
Receivables:			
Property Taxes	3,338,869	-	-
Income Taxes	347,137	-	-
Prepayments	82,726	2,106	-
Materials and Supplies Inventory	33,871	-	-
Advances to Other Funds	26,000	-	-
Restricted Assets:			
Equity in Pooled Cash and Equivalents	353,963	-	-
Property, Plant and Equipment (Net of Accumulated Depreciation where Applicable)	-	-	-
<u>Other Debits:</u>			
Amount to be Provided from General Government Resources	-	-	-
Total Assets and Other Debits	\$ <u>6,498,136</u>	\$ <u>234,358</u>	\$ <u>157,457</u>

See accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$ 60,251	\$ 40,402	\$ -	\$ -	\$ 2,802,995
-	-	-	-	2,937
-	-	-	-	3,338,869
-	-	-	-	347,137
3,911	-	-	-	88,743
9,174	-	-	-	43,045
-	-	-	-	26,000
-	79,770	-	-	433,733
32,732	-	11,205,320	-	11,238,052
-	-	-	1,494,584	1,494,584
<u>\$ 106,068</u>	<u>\$ 120,172</u>	<u>\$ 11,205,320</u>	<u>\$ 1,494,584</u>	<u>\$ 19,816,095</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
(CONTINUED)
JUNE 30, 1999**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity, and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$ 208,904	\$ 25,847	\$ 6,103
Accrued Wages and Benefits	786,560	34,012	-
Compensated Absences Payable	73,851	-	-
Due to Other Governments	218,547	261	-
Advances from Other Funds	-	26,000	-
Deferred Revenue	2,965,905	-	-
Due to Students	-	-	-
Long-Term Loans Payable	-	-	-
Obligation Under Capital Lease	-	-	-
Total Liabilities	<u>4,253,767</u>	<u>86,120</u>	<u>6,103</u>
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings	-	-	-
<u>Fund Balances:</u>			
Reserved for Encumbrances	559,317	35,970	2,876
Reserved for Supplies Inventory	33,871	-	-
Reserved for Prepayments	82,726	2,106	-
Reserved for Set Asides	307,610	-	-
Reserved for Restricted Donations	-	-	-
Reserved for Advances	26,000	-	-
Reserved for Property Taxes	372,964	-	-
Unreserved, Undesignated	<u>861,881</u>	<u>110,162</u>	<u>148,478</u>
Total Fund Equity and Other Credits	<u>2,244,369</u>	<u>148,238</u>	<u>151,354</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 6,498,136</u>	<u>\$ 234,358</u>	<u>\$ 157,457</u>

See accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$ 30	\$ -	\$ -	\$ -	\$ 240,884
21,766	-	-	-	842,338
31,010	-	-	1,216,592	1,321,453
1,360	-	-	-	220,168
-	-	-	-	26,000
1,413	-	-	-	2,967,318
-	40,402	-	-	40,402
-	-	-	231,186	231,186
-	-	-	46,806	46,806
<u>55,579</u>	<u>40,402</u>	<u>-</u>	<u>1,494,584</u>	<u>5,936,555</u>
-	-	11,205,320	-	11,205,320
12,496	-	-	-	12,496
37,993	-	-	-	37,993
-	-	-	-	598,163
-	-	-	-	33,871
-	-	-	-	84,832
-	-	-	-	307,610
-	79,770	-	-	79,770
-	-	-	-	26,000
-	-	-	-	372,964
-	-	-	-	1,120,521
<u>50,489</u>	<u>79,770</u>	<u>11,205,320</u>	<u>-</u>	<u>13,879,540</u>
\$ <u>106,068</u>	\$ <u>120,172</u>	\$ <u>11,205,320</u>	\$ <u>1,494,584</u>	\$ <u>19,816,095</u>

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/EQUITY – ALL GOVERNMENTAL FUND TYPES**

FOR THE YEAR ENDED JUNE 30, 1999

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Fund Type</u>	
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Expendable</u>	<u>(Memorandum</u>
				<u>Trust</u>	<u>Only)</u>
Revenues:					
Property Taxes	\$ 3,969,474	\$ -	\$ -	\$ -	\$ 3,969,474
Income Taxes	868,239	-	-	-	868,239
Intergovernmental	4,357,196	544,235	4,500	-	4,905,931
Investment Income	171,948	509	-	-	172,457
Tuition and Classroom Fees	10,383	-	-	-	10,383
Extracurricular Activities	-	136,489	-	-	136,489
Other	<u>111,884</u>	<u>48,284</u>	<u>-</u>	<u>-</u>	<u>160,168</u>
Total Revenue	<u>9,489,124</u>	<u>729,517</u>	<u>4,500</u>	<u>-</u>	<u>10,223,141</u>
Expenditures:					
Current:					
Instruction:					
Regular	4,082,804	55,954	111,607	13	4,250,378
Special	611,588	205,972	-	-	817,560
Vocational	26,516	-	-	-	26,516
Adult/Continuing	46	22,784	-	-	22,830
Other	61,827	6,684	-	-	68,511
Support Services:					
Pupils	383,666	36,837	3,000	-	423,503
Instructional Staff	354,766	46,579	6,841	-	408,186
Board of Education	45,716	-	-	-	45,716
Administration	884,903	29,094	-	-	913,997
Fiscal	437,778	2,070	-	-	439,848
Operation and Maintenance of Plant	963,116	-	49,303	-	1,012,419
Pupil Transportation	667,319	496	-	-	667,815
Central	19,759	3,996	-	-	23,755
Non-Instructional Services	16,511	184,054	-	-	200,565
Extracurricular Activities	209,372	153,968	10,990	-	374,330
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	88,643	-	-	-	88,643
Interest and Fiscal Charges	<u>4,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,935</u>
Total Expenditures	<u>8,859,265</u>	<u>748,488</u>	<u>181,741</u>	<u>13</u>	<u>9,789,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	629,859	(18,971)	(177,241)	(13)	433,634

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES/EQUITY - ALL GOVERNMENTAL FUND TYPES
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
<u>Other Financing Sources (Uses):</u>					
Refund of Prior Year Expenditures	5,565	-	-	-	5,565
Proceeds From Loan Issuance	-	-	-	-	-
Operating Transfers-In	-	-	-	-	-
Operating Transfers-Out	-	-	-	-	-
Sale of Fixed Assets	1,478	-	-	-	1,478
Other	-	(2,053)	-	-	(2,053)
Total Other Financing Sources (Uses)	<u>7,043</u>	<u>(2,053)</u>	<u>-</u>	<u>-</u>	<u>4,990</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>636,902</u>	<u>(21,024)</u>	<u>(177,241)</u>	<u>(13)</u>	<u>438,624</u>
Fund Balance/Equity, Beginning of Year	1,640,210	169,262	328,595	13	2,138,080
Change in Reserve for Inventory	<u>(32,743)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,743)</u>
Fund Balance/Equity, End of Year	\$ <u>2,244,369</u>	\$ <u>148,238</u>	\$ <u>151,354</u>	\$ <u>-</u>	\$ <u>2,543,961</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$ 3,620,437	\$ 3,755,196	\$ 134,759
Income Taxes	769,398	798,037	28,639
Intergovernmental	4,200,833	4,357,196	156,363
Interest	168,105	174,363	6,258
Tuition and Fees	24,576	25,491	915
Extracurricular Activities	-	-	-
Miscellaneous	101,853	105,641	3,788
Total Revenues	8,885,202	9,215,924	330,722
<u>Expenditures:</u>			
<u>Current:</u>			
Regular	4,316,178	4,302,938	13,240
Special	616,441	614,748	1,693
Vocational	26,588	26,516	72
Adult/Continuing	46	46	-
Other	62,990	62,559	431
<u>Support Services:</u>			
Pupils	373,673	371,701	1,972
Instructional Staff	320,596	312,649	7,947
Board of Education	45,897	44,909	988
Administration	852,910	845,625	7,285
Fiscal	444,621	443,311	1,310
Operation and Maintenance of Plant	1,509,285	1,356,689	152,596
Pupil Transportation	790,084	711,890	78,194
Central	20,537	20,243	294
Non-Instructional Services	96,897	73,908	22,989
Extracurricular Activities	222,941	222,328	613
Capital Outlay	-	-	-
<u>Debt Service:</u>			
Principal Retirement	55,510	55,356	154
Interest and Fiscal Charges	10,906	10,877	29
Total Expenditures	9,766,100	9,476,293	289,807
Excess of Revenues Over/(Under) Expenditures	(880,898)	(260,369)	620,529

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL
FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	1,478	1,478	-
Refund of Prior Year Expenditures	5,565	5,565	-
Refund of Prior Year Receipts	-	-	-
Advances In	10,000	10,000	-
Advances Out	(16,000)	(16,000)	-
Operating Transfers In	354,695	354,695	-
Operating Transfers Out	<u>(353,963)</u>	<u>(353,963)</u>	-
Total Other Financing Sources (Uses)	<u>1,775</u>	<u>1,775</u>	-
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (879,123)	 (258,594)	 620,529
 Fund Balances at Beginning of Year	 1,870,702	 1,870,702	 -
 Prior Year Encumbrances Appropriated	 <u>290,371</u>	 <u>290,371</u>	 <u>-</u>
 Fund Balances at End of Year	 \$ <u>1,281,950</u>	 \$ <u>1,902,479</u>	 \$ <u>620,529</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL
FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$ 0	\$ 0	\$ 0
Income Taxes	-	-	-
Intergovernmental	540,247	544,235	3,988
Interest	505	509	4
Tuition and Fees	-	-	-
Extracurricular Activities	135,489	136,489	1,000
Miscellaneous	<u>47,430</u>	<u>48,284</u>	<u>854</u>
Total Revenues	<u>723,671</u>	<u>729,517</u>	<u>5,846</u>
Expenditures:			
Current:			
Regular	109,473	80,805	28,668
Special	231,870	211,386	20,484
Vocational	-	-	-
Adult/Continuing	25,223	22,995	2,228
Other	7,332	6,684	648
Support Services:			
Pupils	41,970	37,494	4,476
Instructional Staff	73,050	61,981	11,069
Board of Education	-	-	-
Administration	31,710	28,909	2,801
Fiscal	2,271	2,070	201
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	544	496	48
Central	4,383	3,996	387
Non-Instructional Services	198,268	179,027	19,241
Extracurricular Activities	188,058	162,971	25,087
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>914,152</u>	<u>798,814</u>	<u>115,338</u>
Excess of Revenues Over/(Under) Expenditures	<u>(190,481)</u>	<u>(69,297)</u>	<u>121,184</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipts	(2,053)	(2,053)	-
Advances In	16,000	16,000	-
Advances Out	(10,000)	(10,000)	-
Operating Transfers In	11,160	11,160	-
Operating Transfers Out	(11,160)	(11,160)	-
Total Other Financing Sources (Uses)	3,947	3,947	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(186,534)	(65,350)	121,184
Fund Balances at Beginning of Year	196,468	196,468	-
Prior Year Encumbrances Appropriated	41,373	41,373	-
Fund Balances at End of Year	\$ 51,307	\$ 172,491	\$ 121,184

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Income Taxes	-	-	-
Intergovernmental	3,000	4,500	1,500
Interest	-	-	-
Tuition and Fees	-	-	-
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	3,000	4,500	1,500
<u>Expenditures:</u>			
<u>Current:</u>			
Regular	125,349	105,504	19,845
Special	-	-	-
Vocational	-	-	-
Adult/Continuing	-	-	-
Other	-	-	-
<u>Support Services:</u>			
Pupils	3,564	3,000	564
Instructional Staff	8,128	6,841	1,287
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Operation and Maintenance of Plant	76,458	60,229	16,229
Pupil Transportation	-	-	-
Central	-	-	-
<u>Non-Instructional Services</u>			
Extracurricular Activities	-	-	-
Capital Outlay	105,963	10,990	94,973
<u>Debt Service:</u>			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	319,462	186,564	132,898
Excess of Revenues Over/(Under) Expenditures	(316,462)	(182,064)	134,398

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL
FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Capital Projects Funds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipts	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(316,462)	(182,064)	134,398
Fund Balances at Beginning of Year	231,261	231,261	-
Prior Year Encumbrances Appropriated	<u>97,806</u>	<u>97,806</u>	<u>-</u>
Fund Balances at End of Year	\$ <u>12,605</u>	\$ <u>147,003</u>	\$ <u>134,398</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Expendable Trust Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Income Taxes	-	-	-
Intergovernmental	-	-	-
Interest	-	1	1
Tuition and Fees	-	-	-
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	1	1
<u>Expenditures:</u>			
<u>Current:</u>			
Regular	9	9	-
Special	-	-	-
Vocational	-	-	-
Adult/Continuing	-	-	-
Other	-	-	-
<u>Support Services:</u>			
Pupils	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
<u>Non-Instructional Services</u>			
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
<u>Debt Service:</u>			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	9	9	-
Excess of Revenues Over/(Under) Expenditures	(9)	(8)	1

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL
FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Expendable Trust Funds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipts	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9)	(8)	1
Fund Balances at Beginning of Year	8	8	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balances at End of Year	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$ 3,620,437	\$ 3,755,196	\$ 134,759
Income Taxes	769,398	798,037	28,639
Intergovernmental	4,744,080	4,905,931	161,851
Interest	168,610	174,872	6,262
Tuition and Fees	24,576	25,491	915
Extracurricular Activities	135,489	136,489	1,000
Miscellaneous	<u>149,283</u>	<u>153,925</u>	<u>4,642</u>
Total Revenues	<u>9,611,873</u>	<u>9,949,941</u>	<u>338,068</u>
<u>Expenditures:</u>			
<u>Current:</u>			
Regular	4,551,013	4,489,260	61,753
Special	848,311	826,134	22,177
Vocational	26,588	26,516	72
Adult/Continuing	25,269	23,041	2,228
Other	70,322	69,243	1,079
<u>Support Services:</u>			
Pupils	419,207	412,195	7,012
Instructional Staff	401,774	381,471	20,303
Board of Education	45,897	44,909	988
Administration	884,620	874,534	10,086
Fiscal	446,892	445,381	1,511
Operation and Maintenance of Plant	1,585,743	1,416,918	168,825
Pupil Transportation	790,628	712,386	78,242
Central	24,920	24,239	681
Non-Instructional Services	295,165	252,935	42,230
Extracurricular Activities	410,999	385,299	25,700
Capital Outlay	105,963	10,990	94,973
<u>Debt Service:</u>			
Principal Retirement	55,510	55,356	154
Interest and Fiscal Charges	<u>10,906</u>	<u>10,877</u>	<u>29</u>
Total Expenditures	<u>10,999,727</u>	<u>10,461,684</u>	<u>538,043</u>
Excess of Revenues Over/(Under) Expenditures	<u>(1,387,854)</u>	<u>(511,743)</u>	<u>876,111</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	1,478	1,478	-
Refund of Prior Year Expenditures	3,512	3,512	-
Refund of Prior Year Receipts	16,000	16,000	-
Advances In	-	-	-
Advances Out	(4,840)	(4,840)	-
Operating Transfers In	343,535	343,535	-
Operating Transfers Out	<u>(353,963)</u>	<u>(353,963)</u>	-
Total Other Financing Sources (Uses)	<u>5,722</u>	<u>5,722</u>	-
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (1,382,132)	 (506,021)	 876,111
 Fund Balances at Beginning of Year	 2,298,444	 2,298,444	 -
 Prior Year Encumbrances Appropriated	 <u>429,550</u>	 <u>429,550</u>	 <u>-</u>
 Fund Balances at End of Year	 \$ <u>1,345,862</u>	 \$ <u>2,221,973</u>	 \$ <u>876,111</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Nonexpendable Trusts</u>	
Operating Revenues:			
Sales	\$ 334,343	\$ -	\$ 334,343
Materials and Fees	<u>41,749</u>	<u>-</u>	<u>41,749</u>
Total Operating Revenues	<u>376,092</u>	<u>-</u>	<u>376,092</u>
Operating Expenses:			
Salaries	134,130	-	134,130
Fringe Benefits	63,754	-	63,754
Purchased Services	26,000	-	26,000
Materials and Supplies	12,418	-	12,418
Cost of Sales	263,421	-	263,421
Depreciation	2,599	-	2,599
Non-Instructional Services	19,245	-	19,245
Other Operating Expenses	<u>880</u>	<u>2,700</u>	<u>3,580</u>
Total Operating Expenses	<u>522,447</u>	<u>2,700</u>	<u>525,147</u>
Operating (Loss)	(146,355)	(2,700)	(149,055)
Nonoperating Revenues (Expenses):			
Interest Income	-	3,965	3,965
Federal Donated Commodities	52,131	-	52,131
Operating Grants	94,897	-	94,897
Loss on Sale of Fixed Assets	(285)	-	(285)
Other Nonoperating Revenue (Expenses)	<u>16,808</u>	<u>-</u>	<u>16,808</u>
Total Nonoperating Revenues (Expenses)	<u>163,551</u>	<u>3,965</u>	<u>167,516</u>
Net Income (Loss)	17,196	1,265	18,461
Retained Earnings/Fund Balances, Beginning Of Year	<u>20,797</u>	<u>78,505</u>	<u>99,302</u>
Retained Earnings/Fund Balances, End Of Year	<u>37,993</u>	<u>79,770</u>	<u>117,763</u>
Contributed Capital, Beginning Of Year	12,496	-	12,496
Contributions Received	-	-	-
Contributed Capital, End Of Year	<u>12,496</u>	<u>-</u>	<u>12,496</u>
Total Fund Equity, End Of Year	\$ <u>50,489</u>	\$ <u>79,770</u>	\$ <u>130,259</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL PROPRIETARY
FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Enterprise Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Sales	\$ 332,186	\$ 334,343	\$ 2,157
Interest	-	-	-
Other Revenues	<u>45,534</u>	<u>45,830</u>	<u>296</u>
Total Revenues	<u>377,720</u>	<u>380,173</u>	<u>2,453</u>
<u>Expenses:</u>			
Salaries	158,130	152,234	5,896
Fringe Benefits	85,962	82,688	3,274
Purchased Services	27,675	26,000	1,675
Materials and Supplies	236,232	226,756	9,476
Other Expenses	914	880	34
Capital Outlay	<u>3,251</u>	<u>3,129</u>	<u>122</u>
Total Expenses	<u>-512,164</u>	<u>491,687</u>	<u>20,477</u>
Excess of Revenues Over/ (Under) Expenses	(134,444)	(111,514)	22,930
<u>Other Financing Sources:</u>			
Operating Grants	94,897	94,897	-
Proceeds From Sale of Fixed Asset	175	175	-
Other Non-Operating Revenue	<u>16,808</u>	<u>16,808</u>	<u>-</u>
Total Other Financing Sources	<u>111,880</u>	<u>111,880</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(22,564)	366	22,930
Fund Balances at Beginning of Year	57,601	57,601	-
Prior Year Encumbrances Appropriated	<u>2,062</u>	<u>2,062</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 37,099</u>	<u>\$ 60,029</u>	<u>\$ 22,930</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS (CONTINUED) FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Non-Expendable Trust Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ -	\$ -	\$ -
Interest	3,954	3,965	11
Other Revenues	-	-	-
Total Revenues	3,954	3,965	11
<u>Expenses:</u>			
Salaries	-	-	-
Fringe Benefits	-	-	-
Purchased Services	-	-	-
Materials and Supplies	-	-	-
Other Expenses	3,475	2,700	775
Capital Outlay	-	-	-
Total Expenses	3,475	2,700	775
Excess of Revenues Over/ (Under) Expenses	479	1,265	786
<u>Other Financing Sources:</u>			
Operating Grants	-	-	-
Proceeds from Sale of Fixed Asset	-	-	-
Other Non-Operating revenue	-	-	-
Total Other Financing Sources	-	-	-
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	479	1,265	786
Fund Balances at Beginning of Year	78,505	78,505	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balances at End of Year	\$ 78,984	\$ 79,770	\$ 786

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Sales	\$ 332,186	\$ 334,343	\$ 2,157
Interest	3,954	3,965	11
Other Revenues	<u>45,534</u>	<u>45,830</u>	<u>296</u>
Total Revenues	<u>381,674</u>	<u>384,138</u>	<u>2,464</u>
 <u>Expenses:</u>			
Salaries	158,130	152,234	5,896
Fringe Benefits	85,962	82,688	3,274
Purchased Services	27,675	26,000	1,675
Materials and Supplies	236,232	226,756	9,476
Other Expenses	4,389	3,580	809
Capital Outlay	<u>3,251</u>	<u>3,129</u>	<u>122</u>
Total Expenses	<u>515,639</u>	<u>494,387</u>	<u>21,252</u>
 Excess of Revenues Over/ (Under) Expenses	(133,965)	(110,249)	23,716
 <u>Other Financing Sources:</u>			
Operating Grants	94,897	94,897	-
Proceeds from Sale of Fixed Asset	175	175	-
Other Non-Operating Revenue	<u>16,808</u>	<u>16,808</u>	<u>-</u>
Total Other Financing Sources	<u>111,880</u>	<u>111,880</u>	<u>-</u>
 Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(22,085)	1,631	23,716
 Fund Balances at Beginning of Year	136,106	136,106	-
 Prior Year Encumbrances Appropriated	<u>2,062</u>	<u>2,062</u>	<u>-</u>
 Fund Balances at End of Year	\$ <u>116,083</u>	\$ <u>139,799</u>	\$ <u>23,716</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES AND
NON-EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Nonexpendable Trusts</u>	
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 381,586	\$ -	\$ 381,586
Cash Payments for Personal Services	(194,222)	-	(194,222)
Cash Payments for Fringe Benefits	-	-	-
Cash Payments for Supplies and Materials	(329,592)	-	(329,592)
Cash Received for Other Revenues	-	-	-
Cash Payments for Other Expenses	<u>(20,125)</u>	<u>(2,700)</u>	<u>(22,825)</u>
Net Cash Used in Operating Activities	<u>(162,353)</u>	<u>(2,700)</u>	<u>(165,053)</u>
Cash Flows From Non-Capital Financing Activities:			
Cash Received From Grants and Donations	163,836	-	163,836
Cash Received From Non-Operating Activities	-	-	-
Repayment of Advances	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>163,836</u>	<u>-</u>	<u>163,836</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of Capital Assets	(1,070)	-	(1,070)
Sale of Capital Assets	<u>175</u>	<u>-</u>	<u>175</u>
Net Cash Used in Capital and Related Financing Activities	<u>(895)</u>	<u>-</u>	<u>(895)</u>
Cash Flows From Investing Activities:			
Interest Received	<u>-</u>	<u>3,965</u>	<u>3,965</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>3,965</u>	<u>3,965</u>
Net Increase in Cash and Cash Equivalents	588	1,265	1,853
Cash and Cash Equivalents at Beginning Of Year	<u>59,663</u>	<u>78,505</u>	<u>138,168</u>
Cash and Cash Equivalents at End Of Year	\$ <u>60,251</u>	\$ <u>79,770</u>	\$ <u>140,021</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES AND
NON-EXPENDABLE TRUST FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Nonexpendable Trusts</u>	
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:			
Operating Loss	\$ (146,355)	\$ (2,700)	\$ (149,055)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:			
Depreciation	2,599	-	2,599
Changes in Assets and Liabilities:			
Supplies Inventory	(6,520)	-	(6,520)
Accounts Receivable	4,081	-	4,081
Prepayments	789	-	789
Inventory for Resale	-	-	-
Accounts Payable	10	-	10
Accrued Wages and Benefits	(745)	-	(745)
Compensated Absences Payable	4,407	-	4,407
Deferred Revenue	1,413	-	1,413
Due From/(To) Other Governments	(22,032)	-	(22,032)
Net Cash Used in Operating Activities	<u>\$ (162,353)</u>	<u>\$ (2,700)</u>	<u>\$ (165,053)</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1960 through the consolidation of existing land areas and school districts. The School District serves an area of approximately three hundred square miles. It is located in Wyandot, Marion, and Crawford Counties, and includes all of the City of Upper Sandusky. The School District is the 304th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 89 classified employees, 130 certified full-time teaching personnel, and seven administrative employees who provide services to 1,892 students and other community members. The School District currently operates five instructional buildings and one bus garage.

A. REPORTING ENTITY

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

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

The School District's reporting entity includes the following:

St. Peter Elementary - Within the School District's boundaries, St. Peter Elementary is operated through the Toledo Catholic Diocese. Current State legislation provides funding to the parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

The School District is associated with two jointly governed organizations, two insurance pools, and a related organization. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Vanguard-Sentinel Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Wyandot-Crawford Health Benefit Plan, and the Upper Sandusky Community Public Library. Information about these organizations is presented in Notes 17, 18, and 19 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

Fiduciary Fund Types

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

Account Groups

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

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

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. BUDGETARY PROCESS

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

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Resources received through Senate Bill 81, which are reflected in the General Fund, and the Gifted and Talented and Public School Preschool special revenue funds are flow through grants in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted, and the School District does not maintain separate budgetary records.

Tax Budget

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

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

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

Encumbrances

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

Lapsing of Appropriations

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

D. CASH AND INVESTMENTS

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

During fiscal year 1999, investments were limited to STAR Ohio. These investments are reported at fair value.

The school district has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1998. STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. CASH AND INVESTMENTS (CONTINUED)

Cash and cash equivalents held for the School District by the North Central Educational Service Center are included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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

E. RESTRICTED ASSETS AND RESERVE FOR SET-ASIDES

Restricted assets in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve, a textbook reserve, and a capital reserve. These reserves are required by State statute and can be used only for defined purposes, with the budget stabilization reserve requiring approval from the State Superintendent of Public Instruction. During fiscal year 1999, the School District added \$306,163 to the reserves in 1999 and did not make any qualifying expenditures. A fund balance reserve has also been established.

F. ESTIMATES

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

G. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. INVENTORY

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. FIXED ASSETS AND DEPRECIATION

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

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

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

J. COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for teachers after ten years of current service, administrators after six years of current service, and after five years of current service for all other positions.

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, 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 fiscal year end are considered not to have used current available financial resources. 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.

L. INTERFUND ASSETS/LIABILITIES

Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

M. CONTRIBUTED CAPITAL

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1993, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

N. FUND BALANCE RESERVES

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. INTERGOVERNMENTAL REVENUES

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Auxiliary Services
- Professional Development
- Gifted and Talented
- Education Management Information Systems
- SchoolNet Professional Development
- Adult Basic Education
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- Public School Preschool

Capital Projects Funds

- SchoolNet

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Funds

- Family Resource Center

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. INTERGOVERNMENTAL REVENUES (CONTINUED)

Grants and entitlements amounted to approximately 48 percent of the School District's operating revenue during the 1999 fiscal year.

P. INTERFUND TRANSACTIONS

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

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

Q. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, Senate Bill 81 resources in the General Fund and the Gifted and Talented and Public School Preschool special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget Basis	\$ (258,594)	\$ (65,350)	\$ (182,064)
Adjustments:			
Revenue Accrual	(91,495)	(27,160)	-
Expenditure Accrual	222,874	11,725	(5,631)
Encumbrances	<u>764,117</u>	<u>59,761</u>	<u>10,454</u>
GAAP Basis	\$ <u>636,902</u>	\$ <u>(21,024)</u>	\$ <u>(177,241)</u>

Enterprise Fund:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types

	<u>Enterprise</u>
Budget Basis	\$ 366
Adjustments:	
Revenue Accrual	47,875
Expenditure Accrual	(31,267)
Encumbrances	<u>222</u>
GAAP Basis	\$ <u>17,196</u>

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 4 -- CASH AND CASH EQUIVALENTS

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

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

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

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

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

Interim monies 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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 4 – CASH AND CASH EQUIVALENTS (CONTINUED)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

The School District had no investments at year end.

Cash on Hand - At fiscal year end, the School District had \$2,937 in cash with fiscal agent held by the North Central Ohio Educational Service Center. This amount is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$582,793 and the bank balance was \$740,825. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$540,825 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 4 – CASH AND CASH EQUIVALENTS (CONTINUED)

Investments – The School District’s investments are required to be categorized to give an indication of the level of risk assumed by the School 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 securities are held by the counterparty or its trust department, 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.

	<u>Carrying Amount</u>	<u>Market Value</u>
STAR Ohio - Not Categorized	\$2,651,085	\$2,651,085

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

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

	<u>Cash and Cash Equivalents</u>	
	<u>Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 3,239,665	\$ -
State Treasurer's Investment Pool	(2,651,085)	2,651,085
Cash on Hand	(2,850)	-
Cash with Fiscal and Escrow Agents	<u>(2,937)</u>	<u>-</u>
GASB Statement 3	\$ <u>582,793</u>	\$ <u>2,651,085</u>

NOTE 5 - PROPERTY TAXES

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

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 5 - PROPERTY TAXES (CONTINUED)

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. The assessed value upon which the 1998 taxes were collected was \$176,577,320, of which real and public utility property represented 75% (\$132,010,700) of the total and tangible personal property represented 25% (\$44,566,620).

After adjustment of the rate for inflationary increases in property values, the effective rate was \$21.60 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$24.87 per \$1,000 of assessed valuation for all other real property. Real property owner's tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

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

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

The School District receives property taxes from Wyandot, Marion and Crawford Counties. The Counties' Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility property taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$372,964, in the General Fund. The amount available as an advance at June 30, 1998, was \$158,686 in the General Fund.

NOTE 6 - INCOME TAXES

The School District levies a voted tax of ½ percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1997, and will continue for four years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999, consisted of property and income taxes, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$	165,497
Less Accumulated Depreciation		<u>(132,765)</u>
Net Fixed Assets	\$	<u>32,732</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	<u>Balance at 6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/99</u>
Land and Improvements	\$ 174,799	\$ -	\$ 307	\$ 174,492
Buildings and Improvements	5,050,117	33,005	-	5,083,122
Furniture, Fixtures, and Equipment	3,111,397	342,955	69,017	3,385,335
Books	1,151,072	37,679	-	1,188,751
Vehicles	<u>1,184,293</u>	<u>189,327</u>	-	<u>1,373,620</u>
Totals	\$ <u>10,671,678</u>	\$ <u>602,966</u>	\$ <u>69,324</u>	\$ <u>11,205,320</u>

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted for the following coverages :

Building and Contents-replacement cost (\$1,000 deductible)	\$ 26,411,354
Inland Marine Coverage (\$250 deductible)	419,891
Boiler and Machinery (\$1,000 deductible)	26,411,354
Automobile Liability (\$250 deductible)	2,000,000
Uninsured Motorists (\$250 deductible)	12,500/25,000
General Liability - Per occurrence	1,000,000
Total per year	5,000,000

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 9 - RISK MANAGEMENT (CONTINUED)

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

INSURANCE PURCHASING POOLS:

OSBA Workers' Compensation Group Rating Program - The District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) established in April, 1991. The program was created by the Ohio School Boards Association as a result of the Workers' Compensation group rating plan as defined in Section 4123.29, Ohio Revised Code. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

Wyandot-Crawford Health Benefit Plan - Beginning in fiscal year 1997, the School District participated in the Wyandot-Crawford Health Benefit Plan (the Plan), a public entity shared risk pool consisting of five school districts, operating as a common risk management and insurance program for the member districts. The School District pays monthly premiums to the Plan for insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS's Retirement Board. The School District's contribution for rates is determined annually. The School District's contributions to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$167,232, \$133,409, and \$95,766, respectively; 50 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1997 and 1996. \$83,616 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. STATE TEACHERS RETIREMENT SYSTEM

The School District 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$628,536, \$522,612, and \$514,288 respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$104,756, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

STRS has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$135,490 for fiscal year 1999. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000, and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more 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 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount to fund health care benefits, including the surcharge, was \$114,350 for fiscal year 1999.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575, and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 48,200 participants currently receiving health care benefits.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 12 - EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred ninety days for all personnel. Upon retirement, payment is made for 25 percent of the employee's balance based upon their years of service. Teachers are also entitled to an additional forty bonus days if certain requirements are met.

B. HEALTH CARE BENEFITS

The School District offers medical, dental, and life insurance to most employees through Wyandot-Crawford Health Benefit Plan. The School District offers cancer insurance to its employees through American Family Life or Capital American Life. Premiums vary for each employee depending on the terms of the union contracts.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the fund which will be making the lease payment. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Principal payments in fiscal year 1999 totaled \$22,410 in the General Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

<u>Fiscal Year Ending June 30,</u>	<u>GLTDAG</u>
2000	\$ 27,346
2001	17,700
2002	<u>6,176</u>
Total	51,222
Less: Amount Representing Interest	<u>(4,416)</u>
Present Value of Minimum Lease Payments	\$ <u>46,806</u>

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS

Long-term obligations of the District as of June 30, 1999 were as follows:

Energy Conservation Improvement Bonds totaling \$265,000 were issued on February 21, 1991, to provide energy conservation measures for the School District. The loan was issued under the authority of Ohio Revised Code sections 133.06(G) and 3313.372 at 6.5% interest, for a ten year period, with final maturity in fiscal year 2002.

Energy Conservation Improvement Bonds totaling \$72,875 were issued on May 23, 1997, to provide energy conservation measures for the School District. The loan was issued under the authority of Ohio Revised Code sections 133.06(G) and 3313.372 at 5.38% interest, for a ten year period, with final maturity in fiscal year 2007.

The District received an interest-free Smart Financing Loan in the amount of \$106,357, on October 31, 1997, for a five year period, with final maturity in fiscal year 2002.

Compensated absences and intergovernmental payables will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

Principal and interest requirements to retire energy conservation loans at June 30, 1999, are as follows:

<u>Fiscal year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 58,689	\$ 8,627	\$ 67,316
2001	60,038	6,230	66,268
2002	63,408	3,683	67,091
2003	14,615	2,156	16,771
2004	7,936	1,746	9,682
2005-2007	<u>26,500</u>	<u>2,545</u>	<u>29,045</u>
Total	\$ <u>231,186</u>	\$ <u>24,987</u>	\$ <u>256,173</u>

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 1999, consist of the following receivables and payables:

Fund	Advance To	Advance From
General Fund	\$ -	\$ 26,000
Special Revenue Fund:		
Family Resource Center		
Athletics	<u>26,000</u>	<u>-</u>
Total	\$ <u>26,000</u>	\$ <u>26,000</u>

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and school age child care. The table below reflects the more significant financial data relating to the enterprise funds of the Upper Sandusky Exempted Village School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	School Age Child Care	Total Enterprise Funds
Operating Revenues	\$ 334,343	\$ 41,749	\$ -	\$ 376,092
Operating Expenses less Depreciation	446,344	44,765	28,739	519,848
Depreciation Expense	2,599	-	-	2,599
Operating Loss	(114,600)	(3,016)	(28,739)	(146,355)
Federal Donated Commodities	52,131	-	-	52,131
Operating Grants	94,897	-	-	94,897
Loss on Disposal of Fixed Assets	(285)	-	-	(285)
Other Nonoperating Revenue	-	-	16,808	16,808
Net Income (Loss)	32,143	(3,016)	(11,931)	17,196
Fixed Assets Additions	1,070	-	-	1,070
Net Working Capital	(1,863)	6,665	12,955	17,757
Total Assets	78,667	11,667	15,734	106,068
Total Equity	30,869	6,665	12,955	50,489

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Marion, Morrow, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Mike Carder, who serves as Director, at 2222 Marion-Mt. Gilead Road, Marion, Ohio 43302.

B. VANGUARD-SENTINEL JOINT VOCATIONAL SCHOOL

The Vanguard-Sentinel Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education for students. The JVS is operated under the direction of a Board consisting of one representative from the Upper Sandusky Local School District, one representative from twelve other participating school districts, and two representatives from the Fremont City School District. The JVS possesses its own budgeting and taxing authority. Financial information can be obtained from Jay Valasek, Vanguard-Sentinel Joint Vocational School, at 1306 Cedar Street, Fremont, Ohio 43420.

NOTE 18 - INSURANCE POOLS

A. OHIO SCHOOL BOARDS ASSOCIATION WORKERS' COMPENSATION GROUP RATING PLAN

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29, Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 18 - INSURANCE POOLS (CONTINUED)

B. WYANDOT-CRAWFORD HEALTH BENEFIT PLAN

The Wyandot-Crawford Health Benefit Plan (the Plan) is a public entity shared risk pool consisting of five school districts. The Plan is organized as a Voluntary Employee Benefit Association under section 501(c)(9) of the Internal Revenue Code and provides sick, accident, and other benefits to employees of the participating school districts. Each participating school district's superintendent is appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

Each school district decides which benefit programs offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Elaine Shaffley, Account Manager, 229 Huber Village Blvd., Westerville, Ohio 43081-5325.

NOTE 19 - RELATED ORGANIZATION

Upper Sandusky Community Public Library

The Upper Sandusky Community Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Upper Sandusky Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. The Library is not considered part of the School District, and its operations are not included within the accompanying financial statements. Financial information can be obtained from the Upper Sandusky Community Public Library, John Lyon, Clerk/Treasurer, at 310 North Sandusky Avenue, Upper Sandusky, Ohio 43351.

NOTE 20 - SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the 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 the School District. During the fiscal year ended June 30, 1999, the School District received \$4,004,472 of school foundation support for its general fund.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 20 - SCHOOL FUNDING DECISION (CONTINUED)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County is currently reviewing the new laws to determine whether they are constitutional under the "thorough and efficient" clause of the Ohio Constitution. A decision is expected from the Perry County Court sometime in early calendar 1999; either party then has the right to appeal that decision directly to the Ohio Supreme Court. Any decision made by the Court of Common Pleas is likely to be appealed.

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

NOTE 21 - CONTINGENCIES

A. GRANTS

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. LITIGATION

The School District is a party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 1999

NOTE 22 – STATUTORY RESERVES

The School District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbook Acquisition</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set-Aside Cash Balance as of June 30, 1998	\$ -	\$ -	\$ -	\$ -
Current Year Set-Aside Requirement	152,572	152,572	76,286	381,430
Qualifying Disbursements	<u>-</u>	<u>(73,820)</u>	<u>-</u>	<u>(73,820)</u>
Total	\$ <u>152,572</u>	\$ <u>78,752</u>	\$ <u>76,286</u>	\$ <u>307,610</u>
Cash Balance Carried Forward to Fiscal Year 2000	\$ <u>152,572</u>	\$ <u>78,752</u>	\$ <u>76,286</u>	
Amount Restricted for Budget Stabilization				\$ <u>76,286</u>
Total Restricted Assets				\$ <u>307,610</u>

**Report On Compliance And On Internal Control
Required By *Government Auditing Standards***

Board of Education
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

We have audited the financial statements of the Upper Sandusky Exempted Village School District as of and for the year ended June 30, 1999, and have issued our report thereon dated February 17, 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 Upper Sandusky Exempted Village School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Upper Sandusky Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 Upper Sandusky Exempted Village School District in a separate letter dated February 17, 2000.

This report is intended for the information and use of the Upper Sandusky Exempted Village School District Board of Education, management, the Auditor of State, 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.

A handwritten signature in black ink, appearing to read "Cini F. [unclear]". The signature is written in a cursive style.

Cleveland, Ohio
February 17, 2000

**Report On Compliance With Requirements Applicable To Each
Major Federal Program And Internal Control Over Compliance And
On The Schedule Of Expenditures Of Federal Awards In
Accordance With OMB Circular A-133**

Board of Education
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

Compliance

We have audited the compliance of the Upper Sandusky Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The Upper Sandusky Exempted Village School 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 Upper Sandusky Exempted Village School District's management. Our responsibility is to express an opinion on the Upper Sandusky Exempted Village School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 Upper Sandusky Exempted Village School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Upper Sandusky Exempted Village School District's compliance with those requirements.

In our opinion, the Upper Sandusky Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of the Upper Sandusky Exempted Village School District as of and for the year ended June 30, 1999, and have issued our report thereon dated February 17, 2000. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the Upper Sandusky Exempted Village School District Board of Education, management, the Auditor of State, 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.

Cimini & Camerini, Inc.

Cleveland, Ohio
February 17, 2000

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. Department of Agriculture</u>					
Passed through Ohio Department of Education:					
Commodity Distribution	10.550	\$ -	\$ 50,965	\$ -	\$ 52,131
School Breakfast Program	10.553	2,897	-	2,897	-
School Lunch Program	10.555	<u>87,444</u>	<u>-</u>	<u>87,444</u>	<u>-</u>
Total U.S. Department of Agriculture – Nutrition Center		90,341	50,965	90,341	52,131
<u>U.S. Department of Education</u>					
Passed through Ohio Department of Education:					
Title I School Subsidy	84.010	238,462	-	230,177	-
Title VI-B	84.027	98,548	-	81,480	-
Drug Free Schools	84.186	8,464	-	9,943	-
McAuliffe Scholarship	84.215	-	-	4,822	-
Eisenhower Professional Development	84.281	8,393	-	6,991	-
Innovative Education	84.298	<u>7,653</u>	<u>-</u>	<u>6,336</u>	<u>-</u>
Total U.S. Department of Education		361,520	-	339,749	-
<u>U.S. Department of Health and Human Services</u>					
Passed through Ohio Department of Education:					
Child Care and Development Block Grant	93.575	-	-	4,031	-
Passed through Ohio Children's Trust Fund:					
Family Resource and Support	93.590	<u>85,039</u>	<u>-</u>	<u>89,351</u>	<u>-</u>
Total U.S. Department of Health and Human Services		85,039	-	93,382	-
<u>U.S. Office of Library Services</u>					
State Library Program	45.310	7,420	-	9,937	-
<u>National Science Foundation</u>					
Presidential Award	47.076	<u>-</u>	<u>-</u>	<u>2,017</u>	<u>-</u>
Total Federal Awards Receipts and Expenditures		\$ <u>544,320</u>	\$ <u>50,965</u>	\$ <u>535,426</u>	\$ <u>52,131</u>

The accompanying notes are an integral part of these financial statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE 2 – 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. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	Title I, CFDA, # 84.010
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B:>All Others
(d)(I)(ix)	Low Risk Auditee?	Yes

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

There were no findings noted relating to the financial statements that would be required to be reported in accordance with generally accepted government auditing standards.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 1999.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .315(b)**

JUNE 30, 1999

There were no prior audit findings or questioned costs for federal awards reported in 1998.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
390 WEST WALKER STREET
UPPER SANDUSKY, OHIO 43351
(419) 294-2306

**Response To Findings Associated With Audit Conducted
In Accordance With *Government Auditing Standards*
For The Year Ended June 30, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
Not applicable			



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT 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.

By: Susan Babbitt

Date: APRIL 4, 2000