



**MINERVA LOCAL SCHOOL DISTRICT
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MINERVA LOCAL SCHOOL DISTRICT
STARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Minerva Local School District
Stark County
401 North Market Street
Minerva, Ohio 44657

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Minerva Local School District, Stark County, (the District) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

March 30, 2001

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Minerva Local School District
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2000

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Type			Account Groups		
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)			
ASSETS AND OTHER DEBITS:												
Assets:												
Equity in Pooled Cash and Investments	\$141,733	\$161,694	\$153,324	\$7,805	\$69,513	\$79,288	\$0	\$0	\$613,357			
Receivables:												
Taxes	4,882,000	0	0	0	0	0	0	0	4,882,000			
Accounts	6,752	2,568	1,089	139	24,641	2,925	0	0	38,114			
Intergovernmental	14,696	0	0	0	0	0	0	0	14,696			
Interest	3,323	0	0	0	0	0	0	0	3,323			
Interfund	157,886	0	0	0	184,656	0	0	0	342,542			
Due from Other Funds	0	0	0	0	178,664	0	0	0	178,664			
Materials and Supplies Inventory	40,308	0	0	26,131	0	0	0	0	66,439			
Prepaid Items	4,086	0	0	0	0	0	0	0	4,086			
Restricted Assets:												
Equity in Pooled Cash and Investments	187,500	0	0	0	0	0	0	0	187,500			
Fixed Assets												
(Net where applicable of Accumulated Depreciation)	0	0	0	4,878	0	0	7,720,519	0	7,725,397			
Other Debits:												
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	1,931,562	1,931,562			
Total Assets and Other Debits	\$5,438,284	\$164,262	\$154,413	\$38,953	\$457,474	\$82,213	\$7,720,519	\$1,931,562	\$15,987,680			

The accompanying notes are an integral part of these statements.

Minerva Local School District
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations			
LIABILITIES, FUND EQUITY AND OTHER CREDITS:											
Liabilities:											
Accounts Payable	\$16,787	\$10,363	\$54,895	\$16	\$0	\$0	\$0	\$0	\$0	\$0	\$82,061
Accrued Wages and Benefits	1,062,588	7,550	125	62,473	0	0	0	1,523,792	0	0	2,656,528
Claims Payable	0	0	0	0	124,905	0	0	0	0	0	124,905
Intergovernmental Payable	270,811	2,052	3,715	43,026	0	0	0	66,583	0	0	386,187
Interfund Payable	184,656	72,327	85,559	0	0	0	0	0	0	0	342,542
Due to Other Funds	169,687	0	0	8,977	0	0	0	0	0	0	178,664
Due to Others	0	0	0	0	0	82,213	0	0	0	0	82,213
Deferred Revenue	4,657,631	0	0	0	0	0	0	0	0	0	4,657,631
Capital Lease Payable	0	0	0	0	0	0	0	62,903	0	0	62,903
Notes Payable	0	0	0	0	0	0	0	278,284	0	0	278,284
Total Liabilities	6,362,160	92,292	144,284	114,492	124,905	82,213	0	1,931,562	0	0	8,851,918

The accompanying notes are an integral part of these statements.

Minerva Local School District
 Combined Balance Sheet - All Fund Types and Account Groups
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Agency	General	Fixed Assets	General Long-Term Obligations		
Fund Equity and Other Credits:											
Investment in											
General Fixed Assets	0	0	0	0	0	0	0	7,720,519	0	0	7,720,519
Retained Earnings (Deficit)	0	0	0	(75,539)	332,569	0	0	0	0	0	257,030
Fund Balances:											
Reserved for Property Tax	224,369	0	0	0	0	0	0	0	0	0	224,369
Reserved for Encumbrances	91,231	80,133	51,293	0	0	0	0	0	0	0	222,657
Reserved for Inventory	40,308	0	0	0	0	0	0	0	0	0	40,308
Reserved for Prepaid Items	4,086	0	0	0	0	0	0	0	0	0	4,086
Reserved for Budget Stabilization	187,500	0	0	0	0	0	0	0	0	0	187,500
Unreserved (Deficit)	(1,471,370)	(8,163)	(41,174)	0	0	0	0	0	0	0	(1,520,707)
Total Fund Equity and Other Credits	(923,876)	71,970	10,119	(75,539)	332,569	0	0	7,720,519	0	0	7,135,762
Total Liabilities, Fund Equity and Other Credits	\$5,438,284	\$164,262	\$154,413	\$38,953	\$457,474	\$82,213	\$82,213	\$7,720,519	\$1,931,562	\$1,931,562	\$15,987,680

The accompanying notes are an integral part of these statements.

**Minerva Local School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
REVENUES:				
Taxes	\$4,842,079	\$0	\$0	\$4,842,079
Tuition and Fees	32,609	0	0	32,609
Intergovernmental	7,319,025	534,407	144,001	7,997,433
Interest	85,291	0	0	85,291
Extracurricular Activities	0	213,071	0	213,071
Other	30,300	44,114	0	74,414
Classroom Materials & Fees	55,320	0	0	55,320
Total Revenues	12,364,624	791,592	144,001	13,300,217
EXPENDITURES:				
Current				
Instruction				
Regular	6,695,455	100,841	73,624	6,869,920
Special	1,091,274	402,630	0	1,493,904
Vocational	68,004	0	0	68,004
Adult Continuing	4,580	0	0	4,580
Support Services				
Pupil	802,356	33,458	0	835,814
Instructional Staff	372,866	106,319	3,114	482,299
Board of Education	36,874	0	0	36,874
Administration	1,117,326	29,451	0	1,146,777
Fiscal	338,638	0	48	338,686
Business	57,689	348	0	58,037
Operation and Main- tenance of Plant				
Pupil Transportation	728,633	2,385	0	731,018
Central	9,148	4,000	0	13,148
Community Services	0	890	0	890
Extracurricular Activities	213,099	162,123	0	375,222
Debt Service				
Principal and Interest Retirement	120,439	0	0	120,439
Building Acquisition and Construction				
	205,429	14,376	61,285	281,090
Total Expenditures	12,731,448	860,682	140,963	13,733,093
Revenues Over (Under)				
Expenditures	(366,824)	(69,090)	3,038	(432,876)

(Continued)

The accompanying notes are an integral part of these statements.

Minerva Local School District
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000
(Continued)

	<u>Governmental Fund Types</u>			Totals
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
OTHER FINANCING SOURCES (USES):				
Sale of Fixed Assets	3,728	0	0	3,728
Proceeds From Sale of Notes	98,042	0	0	98,042
Operating Transfers - In	0	598	27,019	27,617
Operating Transfers - Out	(79,864)	0	0	(79,864)
Refund of Prior				
Year's Expenditures	4,763	0	0	4,763
Refund of Prior				
Year's Receipts	(291)	0	0	(291)
Total Other Financing Sources	<u>26,378</u>	<u>598</u>	<u>27,019</u>	<u>53,995</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(340,446)	(68,492)	30,057	(378,881)
Fund Balances (Deficit) at Beginning of Year	<u>(583,430)</u>	<u>140,462</u>	<u>(19,938)</u>	<u>(462,906)</u>
Fund Balances (Deficit) at End of Year	<u><u>\$ (923,876)</u></u>	<u><u>\$ 71,970</u></u>	<u><u>\$ 10,119</u></u>	<u><u>\$ (841,787)</u></u>

The accompanying notes are an integral part of these statements.

Minerva Local School District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances- Budget Basis and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	General Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
REVENUES:			
Taxes	\$ 4,877,044	\$ 4,877,044	\$ -
Tuition and Fees	31,542	31,542	-
Intergovernmental	7,314,426	7,316,074	1,648
Interest	79,190	82,028	2,838
Extracurricular Activities	-	-	-
Classroom Materials & Fees	55,320	55,320	-
Other	33,221	33,342	121
Total Revenues	<u>12,390,743</u>	<u>12,395,350</u>	<u>4,607</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	6,658,708	6,743,021	(84,313)
Special	1,135,699	993,487	142,212
Vocational	63,699	67,557	(3,858)
Other	5,750	4,479	1,271
Support Services:			
Pupil	845,830	835,160	10,670
Instructional Staff	388,696	371,324	17,372
Board of Education	45,022	34,578	10,444
Administration	1,095,300	1,111,748	(16,448)
Fiscal	316,148	317,115	(967)
Business	46,553	57,056	(10,503)
Operation and Maintenance of Plant	848,205	860,601	(12,396)
Pupil Transportation	710,540	737,343	(26,803)
Central	7,737	8,821	(1,084)
Community Services	-	-	-
Extracurricular Activities	204,234	215,037	(10,803)
Facilities Acquisition and Construction	55,089	67,452	(12,363)
Debt Service			
Principal Retirement and Interest	-	35,600	(35,600)
Total Expenditures	<u>12,427,210</u>	<u>12,460,379</u>	<u>(33,169)</u>
Revenues (Under) Expenditures	<u>(36,467)</u>	<u>(65,029)</u>	<u>(28,562)</u>
OTHER FINANCING SOURCES (USES):			
Advances - In	306,932	306,932	-
Advances - Out	(124,016)	(129,000)	(4,984)
Proceeds from Notes	71,200	98,042	26,842
Operating Transfers - In	66,962	92,602	25,640
Operating Transfer - Out	(2,177)	(257,303)	(255,126)
Total Other Financing Sources (Uses)	<u>318,901</u>	<u>111,273</u>	<u>(207,628)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	282,434	46,244	(236,190)
Fund Balances at Beginning of Year	183,690	183,690	-
Fund Balances at End of Year	<u>\$ 466,124</u>	<u>\$ 229,934</u>	<u>\$ (236,190)</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
609,770	609,770	-	-	-	-
-	-	-	-	-	-
210,031	210,003	(28)	-	-	-
-	-	-	-	-	-
44,114	44,114	-	-	-	-
<u>863,915</u>	<u>863,887</u>	<u>(28)</u>	-	-	-
107,799	93,735	14,064	-	-	-
400,935	423,355	(22,420)	-	-	-
418	559	(141)	-	-	-
-	-	-	-	-	-
22,584	35,879	(13,295)	-	-	-
95,380	141,608	(46,228)	-	-	-
-	-	-	-	-	-
19,333	29,982	(10,649)	-	-	-
-	-	-	-	-	-
500	239	261	-	-	-
3,706	3,933	(227)	-	-	-
3,110	2,326	784	-	-	-
50	4,000	(3,950)	-	-	-
-	890	(890)	-	-	-
169,519	142,203	27,316	-	-	-
-	-	-	-	-	-
10,661	35,276	(24,615)	-	-	-
-	-	-	71,193	84,839	(13,646)
<u>833,995</u>	<u>913,985</u>	<u>(79,990)</u>	<u>71,193</u>	<u>84,839</u>	<u>(13,646)</u>
<u>29,920</u>	<u>(50,098)</u>	<u>(80,018)</u>	<u>(71,193)</u>	<u>(84,839)</u>	<u>(13,646)</u>
63,390	63,390	-	-	-	-
(88,788)	(92,224)	(3,436)	-	-	-
-	-	-	-	-	-
598	598	-	84,839	84,839	-
-	-	-	-	-	-
<u>(24,800)</u>	<u>(28,236)</u>	<u>(3,436)</u>	<u>84,839</u>	<u>84,839</u>	<u>-</u>
5,120	(78,334)	(83,454)	13,646	-	(13,646)
146,953	146,953	-	-	-	-
<u>\$ 152,073</u>	<u>\$ 68,619</u>	<u>\$ (83,454)</u>	<u>\$ 13,646</u>	<u>\$ -</u>	<u>\$ (13,646)</u>

Minerva Local School District
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances- Budget Basis and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000
(Continued)

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Tuition and Fees	-	-	-
Intergovernmental	144,001	144,001	-
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
Total Revenues	<u>144,001</u>	<u>144,001</u>	<u>-</u>
EXPENDITURES:			
Current			
Instruction			
Regular	8,389	52,997	(44,608)
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	-	2,609	(2,609)
Board of Education	-	-	-
Administration	-	-	-
Fiscal	48	48	-
Business	-	-	-
Operation and Maintenance			
of Plant	-	2,981	(2,981)
Pupil Transportation	-	-	-
Central	-	-	-
Community Services	-	-	-
Extracurricular Activities	-	-	-
Facilities Acquisition and			
Construction	-	112,579	(112,579)
Debt Service			
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>8,437</u>	<u>171,214</u>	<u>(162,777)</u>
Revenues Over (Under) Expenditures	<u>135,564</u>	<u>(27,213)</u>	<u>(162,777)</u>
OTHER FINANCING SOURCES (USES):			
Advances - In	85,559	85,559	-
Advances - Out	(50,001)	(50,001)	-
Proceeds from Notes	-	-	-
Operating Transfers - In	27,019	27,019	-
Operating Transfer - Out	-	-	-
Total Other Financing Sources (Uses)	<u>62,577</u>	<u>62,577</u>	<u>-</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and			
Other Financing Uses	198,141	35,364	(162,777)
Fund Balances at Beginning of Year	8,437	8,437	-
Fund Balances at End of Year	<u>\$ 206,578</u>	<u>\$ 43,801</u>	<u>\$ (162,777)</u>

The accompanying notes are an integral part of these statements.

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,877,044	\$ 4,877,044	\$ -
31,542	31,542	-
8,068,197	8,069,845	1,648
79,190	82,028	2,838
210,031	210,003	(28)
55,320	55,320	-
77,335	77,456	121
<u>13,398,659</u>	<u>13,403,238</u>	<u>4,579</u>
6,774,896	6,889,753	(114,857)
1,536,634	1,416,842	119,792
64,117	68,116	(3,999)
5,750	4,479	1,271
868,414	871,039	(2,625)
484,076	515,541	(31,465)
45,022	34,578	10,444
1,114,633	1,141,730	(27,097)
316,196	317,163	(967)
47,053	57,295	(10,242)
851,911	867,515	(15,604)
713,650	739,669	(26,019)
7,787	12,821	(5,034)
-	890	(890)
373,753	357,240	16,513
65,750	215,307	(149,557)
71,193	120,439	(49,246)
<u>13,340,835</u>	<u>13,630,417</u>	<u>(289,582)</u>
<u>57,824</u>	<u>(227,179)</u>	<u>(285,003)</u>
455,881	455,881	-
(262,805)	(271,225)	(8,420)
71,200	98,042	26,842
179,418	205,058	25,640
(2,177)	(257,303)	(255,126)
<u>441,517</u>	<u>230,453</u>	<u>(211,064)</u>
499,341	3,274	(496,067)
339,080	339,080	-
<u>\$ 838,421</u>	<u>\$ 342,354</u>	<u>\$ (496,067)</u>

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Minerva Local School District
Combined Statement of Revenues, Expenses, and Changes in
Retained Earnings - All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:			
Tuition and Fees	\$9,302	\$0	\$9,302
Sales	313,009	0	313,009
Charges for Services	<u>0</u>	<u>1,403,584</u>	<u>1,403,584</u>
Total Operating Revenues	<u>322,311</u>	<u>1,403,584</u>	<u>1,725,895</u>
OPERATING EXPENSES:			
Salaries and Wages	230,061	0	230,061
Fringe Benefits	111,773	0	111,773
Claims	0	1,391,306	1,391,306
Contract Services	27,535	0	27,535
Cost of Sales	235,229	0	235,229
Depreciation	651	0	651
Other	465	0	465
Materials and Supplies	<u>1,794</u>	<u>1,219</u>	<u>3,013</u>
Total Operating Expenses	<u>607,508</u>	<u>1,392,525</u>	<u>2,000,033</u>
Operating Income (Loss)	<u>(285,197)</u>	<u>11,059</u>	<u>(274,138)</u>
NON-OPERATING REVENUES:			
Donated Commodities	83,727	0	83,727
Operating Grants	<u>134,805</u>	<u>0</u>	<u>134,805</u>
Total Non-Operating Revenues	<u>218,532</u>	<u>0</u>	<u>218,532</u>
Income (Loss) before			
Operating Transfers	(66,665)	11,059	(55,606)
Operating Transfers - in	<u>52,247</u>	<u>0</u>	<u>52,247</u>
Net Income (Loss)	(14,418)	11,059	(3,359)
Retained Earnings (Deficit) at			
Beginning of Year	<u>(61,121)</u>	<u>321,510</u>	<u>260,389</u>
Retained Earnings (Deficit) at			
End of Year	<u><u>\$ (75,539)</u></u>	<u><u>\$ 332,569</u></u>	<u><u>\$ 257,030</u></u>

The accompanying notes are an integral part of these statements.

**Minerva Local School District
 Combined Statement of Revenues, Expenses and Changes
 in Fund Equity - Budget Basis and Actual
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2000**

	Enterprise Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Sales	\$ 313,009	\$ 313,009	\$ -
Operating Grants	155,300	155,300	-
Charges for Services	9,250	9,250	-
Total Revenues	477,559	477,559	-
EXPENSES:			
Salaries	243,001	233,685	9,316
Fringe Benefits	107,541	113,043	(5,502)
Purchased Services	2,105	2,418	(313)
Supplies	152,195	177,604	(25,409)
Capital Outlay	2,708	1,794	914
Other	450	465	(15)
Total Expenses	508,000	529,009	(21,009)
Revenues Over (Under) Expenses	(30,441)	(51,450)	(21,009)
OTHER FINANCING SOURCES (USES):			
Advances Out	-	-	-
Operating transfers - In	52,246	52,246	-
Total Other Financing Sources (Uses)	52,246	52,246	-
Revenues and other Financing Sources Over (under) Expenses and Other Financing Uses	21,805	796	(21,009)
Fund Equity at Beginning of Year	7,009	7,009	-
Fund Equity at End of Year	\$ 28,814	\$ 7,805	\$ (21,009)

The accompanying notes are an integral part of these statements.

Internal Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
1,403,594	1,403,594	-
<u>1,403,594</u>	<u>1,403,594</u>	<u>-</u>
1,280,000	1,381,149	(101,149)
-	-	-
3,200	1,219	1,981
-	-	-
-	-	-
<u>1,283,200</u>	<u>1,382,368</u>	<u>(99,168)</u>
120,394	21,226	(99,168)
-	(184,656)	(184,656)
-	-	-
-	(184,656)	(184,656)
120,394	(163,430)	(283,824)
232,903	232,903	-
<u>\$ 353,297</u>	<u>\$ 69,473</u>	<u>\$ (283,824)</u>

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 313,009	\$ 313,009	\$ -
155,300	155,300	-
1,412,844	1,412,844	-
<u>1,881,153</u>	<u>1,881,153</u>	<u>-</u>
243,001	233,685	9,316
1,387,541	1,494,192	(106,651)
2,105	2,418	(313)
155,395	178,823	(23,428)
2,708	1,794	914
450	465	(15)
<u>1,791,200</u>	<u>1,911,377</u>	<u>(120,177)</u>
89,953	(30,224)	(120,177)
-	(184,656)	(184,656)
52,246	52,246	-
<u>52,246</u>	<u>(132,410)</u>	<u>(184,656)</u>
142,199	(162,634)	(304,833)
239,912	239,912	-
<u>\$ 382,111</u>	<u>\$ 77,278</u>	<u>\$ (304,833)</u>

**Minerva Local School District
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Enterprise Fund	Internal Service Fund	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ (285,197)	\$ 11,059	\$ (274,138)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	651	0	651
Donated commodities in cost of sales	83,727	0	83,727
Change in assets and liabilities that increase (decrease) cash flow from operations			
Accounts receivable	(52)	(19,387)	(19,439)
Intergovernmental receivable	20,495	0	20,495
Interest receivable	0	40	40
Interfund receivable	0	(184,656)	(184,656)
Due from other funds	0	9,372	9,372
Material and supplies	(1,014)	0	(1,014)
Accounts payable	(20)	0	(20)
Accrued wages and benefits	(3,624)	0	(3,624)
Due to other funds	489	0	489
Intergovernmental payable	(3,093)	0	(3,093)
Claims payable	0	20,077	20,077
Net cash provided by (used in) operating activities	<u>(187,638)</u>	<u>(163,495)</u>	<u>(351,133)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating grants	134,805	0	134,805
Transfers - In	52,247	0	52,247
Net cash provided by non-capital financing activities	<u>187,052</u>	<u>0</u>	<u>187,052</u>
Net increase (decrease) in cash and cash equivalents	(586)	(163,495)	(164,081)
Cash and cash equivalents - beginning of year	8,391	233,008	241,399
Cash and cash equivalents - end of year	<u>\$ 7,805</u>	<u>\$ 69,513</u>	<u>\$ 77,318</u>
NONCASH CAPITAL, INVESTING AND RELATED FINANCING ACTIVITIES:			
Donated commodities received	<u>\$ 83,727</u>	<u>\$ 0</u>	<u>\$ 83,727</u>

The accompanying notes are an integral part of these statements.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these general purpose financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

1. *Description Of The Entity*

The Minerva Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999, was 2,185. The District employed 150 certified employees and 93 non-certified employees.

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions and component units for which the District (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

On this basis, there were no organizations subject to the District's financial accountability which required incorporation into the general purpose financial statements.

2. *Basis Of Presentation - Fund Accounting*

The 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.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Basis Of Presentation - Fund Accounting – Continued*

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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

Governmental Fund Types:

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

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

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

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term obligations.

Capital Projects Funds - These 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).

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Basis Of Presentation - Fund Accounting - Continued*

Proprietary Fund Types:

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

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the Board of Education is that 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 the Board of Education has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund - This fund accounts for the financing of services provided by one department or agency to another department or agency of the District on a cost-reimbursement basis.

Fiduciary Fund Types:

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. The District has no trust funds. The District's 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 District, other than those accounted for in the proprietary funds.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Basis Of Presentation - Fund Accounting - Continued*

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

3. *Measurement Focus And Basis Of Accounting*

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 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. Proprietary fund type operating statements 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.

The modified accrual basis of accounting is followed for the governmental 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 District is sixty days after year end. In applying the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Measurement Focus And Basis Of Accounting* - Continued

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, 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, 2000 and delinquent property taxes, whose availability is indeterminate, and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue as more fully described in Note D.

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 fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities nonoperating revenue.

4. *Budgetary Process*

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

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Process* - Continued

certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modification at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The 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 Stark County Budget Commission for rate determination.

Estimated Resources:

Prior to March 15, 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 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 District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2000.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Process* - Continued

Appropriations:

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund, fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual Appropriation Resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. 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. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, approved by the Board of Education prior to year-end. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances:

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

Lapsing of Appropriations:

At the close of each 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 need not be reappropriated.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Process* - Continued

Budgetary Basis of Accounting:

While the District is reporting financial position, results of operations, and changes in fund balance retained earnings on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget Basis and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget Basis and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute.

The major differences between the budget basis and the GAAP basis are:

1. Revenues are reported when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Process* - Continued

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$ (340,446)	\$ (68,492)	\$ 30,057
Net Adjustment for Revenue Accruals	22,526	72,295	0
Net Adjustment for Expenditure Accruals	271,069	(53,303)	(30,251)
Net Adjustment for Other Sources	399,534	63,390	85,559
Net Adjustment for Other Uses	(306,439)	(92,224)	(50,001)
Budget Basis	\$ 46,244	\$ (78,334)	\$ 35,364

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Process* - Continued

**Net Income (Loss)/Revenues and Other Financing Sources Over (Under)
Expenses and Other Financing Uses
Proprietary Fund Types**

	Enterprise	Internal Service
GAAP Basis	<u>\$ (14,418)</u>	<u>\$ 11,059</u>
Net Adjustment for Revenue Accruals	20,443	10
Commodities Received	(83,727)	0
Net Adjustment for Expense Accruals	(5,880)	10,157
Net Adjustment for Other Uses	0	(184,656)
Commodities Used	83,727	0
Depreciation	<u>651</u>	<u>0</u>
Budget Basis	<u>\$ 796</u>	<u>\$(163,430)</u>

5. *Pooled Cash and Investments*

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

During fiscal year 2000, investments were limited to nonnegotiable certificates of deposit and The State Treasurer's investment pool (Star Ohio).

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash investment pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash and Investments* - Continued

Legal Requirements:

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

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

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

Interim deposits are 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 pass book accounts.

Protection of the 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 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;

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash And Investments* - Continued
 2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
 3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
 4. Bonds and other obligations of the State of Ohio;
 5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
 6. The State Treasurer's investment pool (STAR Ohio); and
 7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash And Investments - Continued*

certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits:

At fiscal year end, the carrying amount of the District's cash deposits was \$655,028 and the bank balance was \$983,062. Of the bank balance:

1. \$100,000 was covered by the federal depository insurance.
2. \$883,062 was covered by collateral held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateralization pools securing all public funds on deposit with specific depository institutions.

Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank.

Investments:

The District's investments are required to be categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal 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 which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment as detailed below since it is not evidenced by securities that exist in physical or book entry form:

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Pooled Cash And Investments - Continued*

	Carrying Value	Fair Value
STAR Ohio	\$145,829	\$145,829

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 entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No.9 Investment of the Cash Management Pool:	\$800,857	\$ 0
STAR Ohio	(145,829)	145,829
GASB Statement No.3	\$655,028	\$145,829

6. *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 costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Inventory* - Continued

Inventory in the enterprise funds consists of purchased food, donated commodities and school supplies held for resale and are expensed when used. Donated commodities on hand at year-end are recorded as deferred revenue.

7. *Restricted Assets*

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

8. *Fixed Assets And Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise fund are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The District has established a capitalization threshold for fixed assets at \$500. The District does not possess any infrastructure.

The cost 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 and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District's policy is not to capitalize interest costs incurred as part of construction.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line basis over an estimated useful life of ten years.

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis and entitlements, 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 received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Title VIB
Title I
Title II
Title VI
Comprehensive School Reform Demonstration
Educational Management Information System
Professional Development
Ohio ReadsClassroom Grant
Vocational Education
Drug Free Schools
Dwight D. Eisenhower Professional Development Grant
Continuous Improvement Implementation Grant

Capital Projects Funds

Ohio School Net Plus
School Net
Emergency Building Repair

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Intergovernmental Revenues - Continued*

Reimbursable Grants

General Fund

Driver Education Reimbursement

Enterprise Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 60% of the District's operating revenue during the 2000 fiscal year.

10. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items.

11. *Short-Term, Interfund Assets/Liabilities*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as interfund receivables/payables.

12. *Long-Term Debt*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations are reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Under Ohio Law, a debt retirement fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the debt service fund and the general long-term obligations account group, with principal and interest

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. *Long-Term Debt - Continued*

payments on matured general long-term debt reported in the debt service fund. To comply with GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both the principal and interest have also been allocated accordingly.

13. *Interfund Transactions*

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

14. *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.

15. *Fund Balance Reserves*

The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund balance which is available for reappropriation in future periods. Fund balance reserves are established for encumbrances, inventory, prepaid items, taxes, and budget stabilization.

16. *Proprietary Fund Accounting*

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting and Other Governmental Entities that use Proprietary Fund Accounting," the District has elected not to apply Financial Accounting

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. *Proprietary Fund Accounting* – Continued

Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

17. *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 B - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES - FUND AND
RETAINED EARNINGS DEFICITS

Fund balances/retained earnings at June 30, 2000 included the following fund/retained earnings deficits:

Deficit Fund Balances

General Fund	\$ 923,876
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Deficit Retained Earnings

Enterprise Fund	
Food Services Fund	\$ 83,344

The deficit fund balances resulted from adjustments for accrued liabilities. The general fund provides operating transfers when cash is required, not when accruals occur.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE C – LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41(B), the District had expenditures plus encumbrances in excess of appropriations at June 30, 2000. See the Schedule of Findings for the detailed listing of funds. Contrary to Ohio Revised Code Section 117.38, the District did not file an annual report with the Auditor of State, as reflected in the Schedule of Findings.

NOTE D - PROPERTY TAXES

Real property tax is levied each January 1 on the assessed value listed on the prior September 1 for all real property located in the District. Assessed values are established by the County Auditor at 35% of current market value. Reappraisal of all property is required every six years with triennial updates. The last update was completed for the tax year 2000 for Stark County, and 1998 for Carroll and Columbiana Counties.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State statute permits later payment dates to be established.

The full tax rate applied to real property for tax year 1999 was \$42.30 for Carroll, and \$42.80 for Columbiana and Stark Counties per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$30.20 for Carroll, and \$30.60 for Columbiana and Stark Counties per \$1,000 of assessed valuation for both real property classified as residential / agricultural and all other real property. Real property owners' 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.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax year 1999 was \$42.30 for Carroll, and \$42.80 for Columbiana and Stark Counties per \$1,000 of assessed valuation.

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE D - PROPERTY TAXES - Continued

STARK COUNTY	
<u>Real Property - 1999 Valuation</u>	
Residential/Agricultural	\$ 52,038,320
Commercial/Industrial	10,422,090
Public Utilities	4,230
Minerals	197,910
 <u>Tangible Personal Property - 2000 Valuation</u>	
General	\$ 13,241,200
Public Utilities	4,291,960
 Total Valuation	 <u>\$ 80,195,710</u>

CARROLL COUNTY	
<u>Real Property - 1999 Valuation</u>	
Residential/Agricultural	\$20,491,840
Commercial/Industrial	6,636,200
Minerals	51,130
Public Utilities	3,955
 <u>Tangible Personal Property - 2000 Valuation</u>	
General	\$11,596,746
Public Utilities	2,400,900
 Total Valuation	 <u>\$41,180,771</u>

COLUMBIANA COUNTY	
<u>Real Property - 1999 Valuation</u>	
Residential/Agricultural	\$27,154,920
Commercial/Industrial	1,206,320
Public Utilities	87,780
Minerals	304,710
 <u>Tangible Personal Property - 2000 Valuation</u>	
General	\$ 1,230,100
Public Utilities	4,776,910
 Total Valuation	 <u>\$34,760,740</u>

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE D - PROPERTY TAXES - Continued

The respective County Treasurers collect property tax on behalf of all taxing districts within the county. The respective County Auditors periodically remit to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 of \$224,369 is recognized as revenue.

NOTE E - INSURANCE

1. *Property and Liability Insurance*

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

2. *Medical Self-Insurance*

The District has established a medical self-insurance fund which is accounted for in an internal service fund. The purpose of this fund is to pay medical and dental claims of the District's employees and their covered dependents and minimize the total cost of medical insurance to the District. For the plan year ended June 30, 2000, medical claims exceeding \$40,000 per covered individual, or \$1,316,925 in the aggregate are covered through private insurance carriers. The self-insurance fund is funded by expenditures for health insurance out of the general fund and enterprise fund.

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE E – INSURANCE - Continued

The claims liability of \$124,905 reported in the fund at June 30, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amount in fiscal year 2000 were:

	Balance at Beginning of Year	Current Year Claims and Fees	Total Payments	Balance at End of Year
2000	\$104,828	\$1,391,306	\$1,371,229	\$124,905
1999	\$115,244	\$1,235,466	\$1,245,882	\$104,828

3. *Worker's Compensation*

The School District participates in the Stark County Schools Council of Governments Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each Participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances are compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contributed to the "Equity Pooling Fund". This "Equity Pooling Fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE F - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$67,911
Less Accumulated Depreciation	(63,033)
Net Fixed Assets	\$4,878

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Land and Buildings	\$4,680,226	\$267,785	\$ 0	\$4,948,011
Furniture and Equipment	1,604,598	179,408	0	1,784,006
Vehicles	955,865	35,217	2,580	988,502
Total	\$7,240,689	\$482,410	\$2,580	\$7,720,519

NOTE G - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following fund billings:

	Interfund Receivable	Interfund Payable
General Fund	\$157,886	\$184,656
Special Revenue Funds	0	72,327
Capital Projects Fund	0	85,559
Enterprise Fund	0	0
Internal Service Fund	184,656	0
Totals	\$342,542	\$342,542

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE G - INTERFUND TRANSACTIONS - Continued

Due To/Due From Other Funds:

	Due From	Due To
General Funds	\$ 0	\$ 169,687
Enterprise Fund	0	8,977
Internal Service Fund	178,664	0
	\$ 178,664	\$ 178,664

NOTE H - DEBT & LONG-TERM OBLIGATIONS

The District's debt activity, including amounts outstanding and interest rates, is as follows:

	Balance July 1, 1999	Additions	Payments	Balance June 30, 2000
1989 Energy Note--6.85%	\$ 3,763	\$ 0	\$ 3,763	\$ 0
1990 Energy Note--6.50%	27,500	0	22,000	5,500
1992 Energy Note--6.10%	31,500	0	9,000	22,500
1994 Energy Note--6.10%	23,750	0	5,000	18,750
1997 Energy Note--6.00%	149,325	0	18,100	131,225
1999 Energy Note--5.25%	108,759	0	8,450	100,309
Subtotal	344,597	0	66,313	278,284
Capital Lease Obligation:				
Technology Lease—8.85%	0	98,042	35,139	62,903
Compensated Absences	1,378,525	145,267	0	1,523,792
Intrgovernmental Payable	57,602	66,583	57,602	66,583
Total	\$1,780,724	\$309,892	\$159,054	\$1,931,562

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE H - DEBT & LONG-TERM OBLIGATIONS - Continued

The annual requirements to retire note debt including interest of \$59,318 are as follows:

Year Ending June 30	Notes
2001	\$ 61,398
2002	53,881
2003	47,475
2004	40,237
2005	35,275
2006-2009	99,336
Total	\$337,602

NOTE I - LEASING ARRANGEMENTS

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2000.

Year Ending June 30	General Long-Term Debt Account Capital Leases
2001	\$ 35,600
2002	35,600
Minimum lease payments	71,200
Less: Amount of interest at the District's Incremental Borrowing rate of interest	8,297
Present value of minimum lease payments	\$ 62,903

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE I - LEASING ARRANGEMENTS – Continued

The District leases the following equipment under noncancellable operating leases: copier machines — 36 and 60-month leases.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2000:

Year Ending June 30	Amount
2001	\$23,609
2002	9,255
2003	6,888
2004	4,073
2005	332

Rental expense amounted to \$51,279 for the year ended June 30, 2000.

NOTE J - SEGMENT INFORMATION

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

	Food Services	Uniform Supplies	Total
Operating Revenues	\$313,061	\$9,250	\$322,311
Operating Expenses, Less Depreciation	598,436	8,421	606,857
Depreciation Expense	651	0	651
Operating Income (Loss)	(286,026)	829	(285,197)
Donated Commodities	83,727	0	83,727
Transfers In	52,247	0	52,247
Net Income (Loss)	(15,247)	829	(14,418)
Net Working Capital	(88,222)	7,805	(80,417)
Total Assets	31,148	7,805	38,953
Total Equity	(83,344)	7,805	(75,539)

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE K - RETIREMENT PLANS

1. *State Teachers' Retirement System (STRS)*

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

For fiscal year ended June 30, 2000 plan members were required to contribute 9.3 percent of their annual covered salary and the District was required to contribute 14 percent of the employees salary; 6 percent was the portion used to fund pension obligations. For fiscal year 1999, the portion used to fund pension obligations was 10.5 percent. 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 District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$420,979, \$392,442 and \$643,926, respectively; 80.1 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998.

\$195,585, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

2. *School Employees Retirement (SERS)*

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE K - RETIREMENT PLANS - Continued

2. *School Employees Retirement (SERS) – 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 School District rate is 14 percent of annual covered payroll. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was 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 the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$89,538, \$118,668 and \$158,587, respectively; 33.8 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$172,421, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

3. *Social Security System*

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

4. *Post Employment Benefits*

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

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE K - RETIREMENT PLANS - Continued

4. *Post Employment Benefits - Continued*

All STRS benefit recipients and sponsored dependents are eligible for health coverage. The STRS Board has discretionary authority over how much, if any of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund.

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

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$171,011.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE K - RETIRMENT PLANS - Continued

4. *Post Employment Benefits - Continued*

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

NOTE L - OTHER EMPLOYEE BENEFITS (COMPENSATED ABSENCES)

Employees earn vacation at rates specified by Union Contractual Agreement based on credited service. Administrative and 260 day employees are entitled to vacation ranging from 10 to 20 days.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to twenty-five percent of the value of the first 320 days. The total maximum is 80 days. At June 30, 2000, a current liability of \$18,968 in the general fund has been provided for earned but unused sick leave severance.

Under the standards of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences," the District has used the vesting method described in Statement guidelines to record an estimated long-term liability of \$1,523,792 for severance pay and sick leave payable at June 30, 2000. The amount has been recorded in the General Long-Term Debt Obligations Account Group since the liability will not require the use of current expendable available financial resources.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE M - CONTINGENCIES

During the year ended June 30, 2000, the District received grants-in-aid from federal and state sources amounting to \$695,850 and \$7,521,148, respectively, for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would be immaterial.

NOTE N - JOINTLY GOVERNED ORGANIZATIONS

Stark, Portage Area Computer Consortium (SPARCC) is a jointly governed organization among thirty-three school districts and county boards of education from Stark, Portage and Carroll Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports SPARCC based on a per pupil charge. SPARCC is primarily governed by a 5 member executive board comprised of the fiscal agent's superintendent and 4 additional superintendents within the Consortium. This board has the responsibility to study, review and approve SPARCC's annual budget and ascertain that costs are divided equally among participating school districts. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 2100 38th Street NW, Canton, Ohio 44709.

The Stark County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a seven member board, consisting of one representative from each of the six participating school district's elected boards and one board member that rotates from each participating school district. The Stark County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the Stark County Joint Vocational School, 6805 Richville Drive, S.W., Massillon, Ohio 44646.

NOTE O – PUBLIC ENTITY RISK POOL

The Stark County Schools Council of Governments Workers' Compensation Group Rating Plan has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The group is comprised of the treasurers of the members who have been appointed by the respective governing body of each member.

MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

NOTE O – PUBLIC ENTITY RISK POOL – Continued

The intent of the pool is to achieve a reduced rate for the District by the group with other members of the group. The injury claim history of all participating members are used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member annually based on its payroll percent of the group.

NOTE P - SCHOOL FUNDING ISSUE

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 the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District.

During the fiscal year ended June 30, 2000, the School District received \$6,735,319 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven ... "major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE P - SCHOOL FUNDING ISSUE - Continued

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

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

NOTE Q - SET ASIDES

The District is required by State statute to annually set aside in the general fund an amount based on statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end must be held in cash and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization. The following cash basis information describes the changes in the amounts set aside for budget stabilization, textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>Budget Stabilization</u>	<u>Textbooks</u>	<u>Capital Acquisition</u>
The balance of the set-aside carried forward from the prior year	\$159,683	\$ 0	\$ 0
Current year set-aside requirements	96,794	291,470	291,470
Current year offsets	(68,977)	0	0
Qualifying expenditures during the fiscal year	<u>0</u>	<u>(306,183)</u>	<u>(319,987)</u>
Total	<u>\$187,500</u>	<u>\$ (14,713)</u>	<u>\$ (28,517)</u>
The balance of the set aside carried forward to the next fiscal year	<u>\$187,500</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set aside reserve balance as of June 30, 2000	<u>\$187,500</u>	<u>\$ 0</u>	<u>\$ 0</u>

**MINERVA LOCAL SCHOOL DISTRICT – STARK COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

June 30, 2000

NOTE Q - SET ASIDES – Continued

The District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero which may be used to reduce the set-aside requirements of future fiscal years. The District elected not to carry this balance forward to offset future year's requirements. Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this extra amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The 1998 Workers' Compensation Refund of \$68,977 was credited against the Budget Stabilization set-aside to reduce the current year set-aside requirement.

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MINERVA LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2000

Pass Through Grantor/ Federal Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed Through Ohio Department of Education)</i>						
Title I Grants to Local Educational Agencies	049890-C1-S1-99 049890-C1-S1-00	84.010 84.010	\$52,510 <u>260,589</u>	\$0 <u>0</u>	\$11,995 <u>260,589</u>	\$0 <u>0</u>
Total Title I Grants to Local Educational Agencies			313,099	0	272,584	0
Special Education Grants to States	049890-SB-SF-99 049890-SB-SF-00	84.027 84.027	22,194 <u>160,710</u>	0 <u>0</u>	12,182 <u>160,710</u>	0 <u>0</u>
Total Special Education Grants to States			182,904	0	172,892	0
Innovative Education Program Strategies	049890-C2-S1-99 049890-C2-S1-00	84.298 84.298	1,483 <u>11,224</u>	0 <u>0</u>	1,483 <u>11,224</u>	0 <u>0</u>
Total Innovative Education Program Strategies			12,707	0	12,707	0
Safe and Drug Free School and Communities State Grants	049890-DR-S1-99 049890-DR-S1-00	84.186 84.186	8,216 <u>9,655</u>	0 <u>0</u>	0 <u>9,655</u>	0 <u>0</u>
Safe and Drug Free School and Communities State Grants			17,871	0	9,655	0
Title VI-R Class Size Reduction Grant	049890-CR-S1-00	84.340	13,896	0	38,231	0
Comprehensive School Reform Grant	049890-RF-S1-99 049890-RF-S1-00	84.332 84.332	0 <u>0</u>	0 <u>0</u>	52,705 <u>9,547</u>	0 <u>0</u>
Total Comprehensive School Reform Grant			0	0	62,252	0
Vocational Education - Basic Grants to States	Not Available Not Available	84.048 84.048	559 <u>706</u>	0 <u>0</u>	559 <u>0</u>	0 <u>0</u>
			1,265	0	559	0
<i>Total U.S. Department of Education</i>			541,742	0	568,880	0
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed Through Ohio Department of Education)</i>						
Child Nutrition Cluster						
Food Distribution Program	Not Available	10.550	0	83,727	0	83,824
National School Breakfast Program	03-PU-99	10.553	199	0	199	0
National School Lunch Program	03-PU-00	10.555	<u>146,020</u>	<u>0</u>	<u>146,020</u>	<u>0</u>
<i>Total U.S. Department of Agriculture/ Child Nutrition Cluster</i>			<u>146,219</u>	<u>83,727</u>	<u>146,219</u>	<u>83,824</u>
Totals			<u>\$687,961</u>	<u>\$83,727</u>	<u>\$715,099</u>	<u>\$83,824</u>

See accompanying notes to this Schedule

**MINERVA LOCAL SCHOOL DISTRICT
STARK COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) 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 B - FOOD DISTRIBUTION

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



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

Minerva Local School District
Stark County
401 North Market Street
Minerva, Ohio 44657

To the Board of Education:

We have audited the general purpose financial statements of the Minerva Local School District, Stark County, (the District) as of and for the year ended June 30, 2000 and have issued our report thereon dated March 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-11276-001 and 2000-11276-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-11276-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that

are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 30, 2001.

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

Jim Petro
Auditor of State

March 30, 2001



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

Minerva Local School District
Stark County
401 North Market Street
Minerva, Ohio 44657

To the Board of Education:

Compliance

We have audited the compliance of the Minerva Local School District, Stark County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

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

However, we noted a certain matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 30, 2001.

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

Jim Petro
Auditor of State

March 30, 2001

**MINERVA LOCAL SCHOOL DISTRICT
STARK COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2000-11276-001

Noncompliance Citations

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated. **Ohio Rev. Code Section 5705.40** states in part that any appropriation Ordinance or Measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the taxing authority in making the original appropriation. The appropriation process is a function of the taxing authority that must be performed by those specific individuals elected to fulfill that responsibility and may not be delegated to anyone else.

During the June 22, 2000 Board of Education meeting, the Treasurer was authorized by the Board of Education to balance all funds and accounts as needed to complete the fiscal year. The Treasurer made the necessary appropriation modifications; however, these amendments were not officially approved by the Board of Education until July 13, 2000 - the following fiscal year. Therefore, the most recently approved appropriation measure passed by the Board prior to June 30, 2000 was used to arrive at the budgetary amounts in the financial statements as stipulated in Auditor of State Bulletin No. 97-010.

As a result of the above, fund level expenditures plus outstanding encumbrances exceeded appropriations at June 30, 2000 within the following funds:

Fund	Appropriations	Expenditures plus Encumbrances	Variance
General Fund (Fund 001)	\$12,553,403	\$12,818,866	(\$265,463)
Special Revenue Funds Type:			
Public School Support (Fund 018)	122,000	161,513	(39,513)
Other Grants (Fund 019)	690	11,906	(11,216)
Teacher Development (Fund 416)	3,954	12,426	(8,472)
Entry Year Program (Fund 440)	379	1,700	(1,321)
Ohio Reads Volunteer (Fund 459)	0	4,000	(4,000)
Ohio Reads Classroom (Fund 499)	0	33,034	(33,034)
Title VI B (Fund 516)	177,434	182,904	(5,470)
Vocational Fund (Fund 524)	418	559	(141)
Title I (Fund 572)	295,200	313,099	(17,899)
Title VI (Fund 573)	8,409	12,707	(4,298)
Drug Free Schools (Fund 584)	9,655	17,871	(8,216)
Telecommunity ACT Grant (Fund 588)	0	7,889	(7,889)
Title VI R (Fund 599)	<u>115,000</u>	<u>122,272</u>	<u>(7,272)</u>
Total Special Revenue Funds	<u>\$733,139</u>	<u>\$881,880</u>	<u>(\$148,741)</u>

FINDING NUMBER 2000-11276-001
 (Continued)

Fund	Appropriations	Expenditures plus Encumbrances	Variance
Debt Service Fund (Fund 002)	71,193	84,839	(13,646)
Capital Projects Fund Type:			
Ohio Schools Facilities (Fund 010)	0	112,578	(112,578)
Schoolnet Plus (Fund 450)	<u>2,312</u>	<u>52,874</u>	<u>(50,562)</u>
Total Capital Projects Funds	<u>\$2,312</u>	<u>\$165,452</u>	<u>(\$163,140)</u>
Enterprise Fund Type:			
Food Service (Fund 006)	502,000	520,588	(18,588)
Uniform School Supplies (Fund 009)	<u>6,000</u>	<u>8,421</u>	<u>(2,421)</u>
Total Enterprise Funds	<u>\$508,000</u>	<u>\$529,009</u>	<u>(\$21,009)</u>
Internal Service Fund Type:			
Health Benefits Plan (Fund 024)	1,280,000	1,565,805	(285,805)
Agency Fund Type:			
Student Managed Activity (Fund 200)	94,000	118,473	(24,473)

The Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid potential overspending. Additionally, the Board should approve all supplemental appropriations prior to the end of the fiscal year, and the Board should not delegate its authority to amend appropriations to the Treasurer.

FINDING NUMBER 2000-11276-002

Ohio Rev. Code Section 117.38 requires, in part, that GAAP-basis entities file an annual report with the Auditor of State within 150 days of the fiscal year end.

The District filed their fiscal year 2000, 1999 and 1998 annual reports with the Auditor of State on February 1, 2001, January 11, 2000, and December 22, 1998, respectively. Thus, these reports were all filed after the 150 day deadline.

FINDING NUMBER 2000-11276-003

Reportable Condition

Student Activities - Fund Raisers

During our testing of the extracurricular activity fund raisers, we noted sales potential forms were not always completed and/or were only partially completed. The sales potential form is designed to account for income (actual and projected) from student activity projects. The purpose is to provide information to project sponsors and administrators to help them determine whether projects are functioning in accordance with adopted board policies. Thus, they help to determine whether projects have been properly approved and whether sales monies have been properly accounted for.

In general, activity advisors are only completing the top portion of the form, reflecting the fund raiser's projected revenues. The bottom portion of the form, which would indicate the amount of goods sold, the selling price, total costs and total revenues, was not completed. A Sales Project Potential Form was not completed for the Cheerleaders Camp Sales and only partially completed for the following activities:

<u>School/Club</u>	<u>Activity</u>
High School	Yearbook Sales
Junior High School	Great Western Reserve Sales
M. I. Day Elementary	Magazine Sales
FFA Club	Citrus Fruit Sales
Drama Club	Candy Bar Sales

Additionally, we noted that sufficient records for the Drama Club Candy Bar Sales Fund Raiser were not maintained by the Advisor. For instance, an inventory record was not maintained documenting the amount of inventory on hand, nor the amount of inventory distributed for which monies weren't collected. Weaknesses were also noted in relation to records supporting several fund raisers held by the Drama Club to fund a trip to New York. Monies turned in by the Drama Club Advisor were not separated by activity and the source documentation, supporting daily fund raising receipts, was not always maintained. Source documentation provides important information to support the recorded transactions and can aid in identifying and correcting errors.

Sales Project Potential Forms forms should be submitted for proper approval prior to commencing the project activity. Forms should be properly completed and advisors should maintain appropriate source documentation. A fund raiser reconciliation should be prepared at the end of project activity. The reconciliation should provide documentation of total project receipts and disbursements, as well as any unusual circumstances occurring during the sale, such as loss of merchandise or disposition of unsold merchandise. Subsequently, all fund raising activity records should be submitted to the appropriate level of management.

Adequate control over student activity projects will help ensure that revenue is properly recorded, and that errors are detected in a timely manner.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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MINERVA LOCAL SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 10, 2001**