



**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Newcomerstown Exempted Village School District
Tuscarawas County
702 S. River Street
Newcomerstown, Ohio 43832

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, 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 2, 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.

Newcomerstown Exempted Village School District
Tuscarawas County
Report of Independent Accountants
Page 2

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 2, 2001

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$294,812	\$259,582	\$204,635	\$320,632	\$24,948	\$19,733	\$255,471		\$1,360,080
Cash with fiscal agent				3,029,721			2,147		19,733
Investments in segregated accounts									3,031,868
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent	1,917,374	34,405	322,502	42,541					2,316,822
Accounts	8,142	461							8,603
Accrued interest	2,117						727		2,844
Due from other governments	950	4,190							5,140
Prepayments	6,343								6,343
Materials and supplies inventory	17,829				6,152				17,829
Inventory held for resale									6,152
Restricted assets:									
Equity in pooled cash and cash equivalents	152,924								152,924
Property, plant and equipment (net of accumulated depreciation where applicable)					10,302			\$7,056,077	7,066,379
OTHER DEBITS:									
Amount available in debt service fund								\$298,723	298,723
Amount to be provided for retirement of general long-term obligations								3,821,077	3,821,077
Total assets and other debits	\$2,400,491	\$298,638	\$527,137	\$3,392,894	\$41,402	\$19,733	\$258,345	\$7,056,077	\$18,114,517

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

--Continued

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	Long-Term Obligations	
								Fixed Assets		
LIABILITIES, EQUITY AND OTHER CREDITS										
LIABILITIES:										
Accounts payable	\$17,120	\$13,997		\$1,582	\$4,744					\$37,443
Contracts payable				247,952						247,952
Accrued wages and benefits	685,796	71,476			23,818					781,090
Compensated absences payable	25,852				3,300				\$370,524	399,676
Pension obligation payable	125,081	6,970			14,078				67,276	213,405
Early retirement incentive payable	10,000									10,000
Claims payable						\$372,078				372,078
Deferred revenue	1,278,812	32,298	\$228,414	24,939	3,036					1,567,499
Due to students							\$39,166			39,166
Bond anticipation notes payable								3,037,000		3,037,000
General obligation bond payable								645,000		645,000
Total liabilities	2,142,661	124,741	228,414	274,473	48,976	372,078	39,166	4,119,800	7,350,309	
EQUITY AND OTHER CREDITS:										
Investment in general fixed assets								\$7,056,077		7,056,077
Contributed capital					25,891					25,891
Retained earnings (accumulated deficit):					(33,465)	(352,345)				(385,810)
unreserved										
reserved							192			
Fund balances:										
Reserved for encumbrances	29,058	18,919		7,884						56,053
Reserved for prepayments	6,343									6,343
Reserved for material and supplies inventory	17,829		213,257							17,829
Reserved for debt service										213,257
Reserved for tax revenue unavailable for appropriation	593,631	1,209	85,466	16,828						697,134
Reserved for budget stabilization	138,490									138,490
Reserved for textbooks	14,434									14,434
Unreserved-undesignated (deficit)	(541,955)	153,769		3,093,709			218,987			2,924,510
Total equity and other credits	257,830	173,897	298,723	3,118,421	(7,574)	(352,345)	219,179	7,056,077	10,764,208	
Total liabilities, equity and other credits	\$2,400,491	\$298,638	\$527,137	\$3,392,894	\$41,402	\$19,733	\$258,345	\$7,056,077	\$4,119,800	\$18,114,517

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

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$2,412,056	\$17,501	\$276,710	\$48,441		\$2,754,708
Tuition	18,072					18,072
Earnings on investments	57,821			51,507	\$6,956	116,284
Extracurricular activities		147,317				147,317
Other local revenues	93,923	10,000		1,843	109,201	214,967
Intergovernmental - State	4,907,745	155,903	23,607	425,486		5,512,741
Intergovernmental - Federal		807,572				807,572
Total revenue	7,489,617	1,138,293	300,317	527,277	116,157	9,571,661
Expenditures:						
Current:						
Instruction:						
Regular	3,303,914	535,278		743		3,839,935
Special	639,500	388,342				1,027,842
Vocational	204,523	15				204,538
Other	26,955	4,299			150	31,404
Support services:						
Pupil	294,708	18,046				312,754
Instructional staff	397,465	96,187		11,896		505,548
Board of Education	18,506	951				19,457
Administration	733,714	15,540				749,254
Fiscal	225,297			20		225,317
Operations and maintenance	824,459				28,398	852,857
Pupil transportation	405,442	12,047				417,489
Central		542		143,423		143,965
Extracurricular activities	137,309	142,903				280,212
Facilities acquisition and construction	83,339	361		261,043		344,743
Debt service:						
Principal retirement			70,000			70,000
Interest and fiscal charges			68,648			68,648
Bond issuance costs			18,740			18,740
Total expenditures	7,295,131	1,214,511	157,388	417,125	28,548	9,112,703
Excess (deficiency) of revenues over (under) expenditures	194,486	(76,218)	142,929	110,152	87,609	458,958
Other financing sources (uses):						
Proceeds from sale of assets	530					530
Proceeds from sale of notes				3,037,000		3,037,000
Accrued interest on bonds sold			1,194			1,194
Proceeds of refunding bonds			720,539			720,539
Payment to refunded bond escrow agent			(715,000)			(715,000)
Operating transfers in		8,724		15,082		23,806
Operating transfers out	(23,871)					(23,871)
Total other financing sources (uses)	(23,341)	8,724	6,733	3,052,082		3,044,198
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	171,145	(67,494)	149,662	3,162,234	87,609	3,503,156
Fund balances (deficit), July 1	91,104	241,391	149,061	(43,813)	131,570	569,313
Decrease in reserve for inventory	(4,419)					(4,419)
Fund balances, June 30	\$257,830	\$173,897	\$298,723	\$3,118,421	\$219,179	\$4,068,050

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

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT

TUSCARAWAS COUNTY, OHIO

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

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes	\$2,087,597	\$2,106,845	\$19,248	\$15,373	\$15,373	\$0	\$200,905	\$200,905	\$0	\$37,194	\$37,294	\$100	\$2,341,069	\$2,360,417	\$19,348
Tuition	17,906	18,071	165										17,906	18,071	165
Earnings on investments	56,787	57,311	524							58,628	58,786	158	115,415	116,097	682
Extracurricular activities				147,157	147,325	168							147,157	147,325	168
Other local revenues	24,480	24,888	408	10,000	10,000	0				1,838	1,843	5	36,318	36,731	413
Intergovernmental - state	4,864,840	4,909,696	44,856	155,902	155,902	0	23,607	23,607	0	424,345	425,485	1,140	5,468,694	5,514,690	45,996
Intergovernmental - federal				844,245	837,259	(6,986)							844,245	837,259	(6,986)
Total revenues	7,051,610	7,116,811	65,201	1,172,677	1,165,859	(6,818)	224,512	224,512	0	522,005	523,408	1,403	8,970,804	9,030,590	59,786
Expenditures:															
Current:															
Instruction:															
Regular	3,219,392	3,236,848	(17,456)	498,973	542,866	(43,893)				126,808	13,351	113,457	3,845,173	3,793,065	52,108
Special	643,300	638,961	4,339	457,065	403,472	53,593							1,100,365	1,042,433	57,932
Vocational	208,113	205,294	2,819	100	50	50							208,213	205,344	2,869
Other	26,227	26,954	(727)	12,186	4,299	7,887							38,413	31,253	7,160
Support services:															
Pupil	320,969	309,083	11,886	17,138	15,854	1,284							338,107	324,937	13,170
Instructional staff	482,992	408,756	74,236	113,481	93,394	20,087				9,741	12,985	(3,244)	606,214	515,135	91,079
Board of education	22,455	19,451	3,004										22,455	19,451	3,004
Administration	745,541	734,005	11,536	17,591	15,539	2,052							763,132	749,544	13,588
Fiscal	216,991	221,512	(4,521)										216,991	221,532	(4,541)
Operations and maintenance	973,665	848,103	125,562							6,094	6,805	(711)	979,759	854,908	124,851
Pupil transportation	531,339	456,000	75,339	17,580	12,014	5,566							548,919	468,014	80,905
Central				550	550	0				0	146,808	(146,808)	550	147,358	(146,808)
Extracurricular activities	54,704	134,711	(80,007)	152,332	148,589	3,743							207,036	283,300	(76,264)
Facilities acquisition and construction	117,847	83,801	34,046	0	343	(343)				68,529	29,199	39,330	186,376	113,343	73,033
Debt service:															
Principal retirement							70,000	70,000	0				70,000	70,000	0
Interest and fiscal charges							68,448	68,448	0				68,448	68,448	0
Bond issuance costs							18,740	18,740	0				18,740	18,740	0
Total expenditures	7,563,535	7,323,479	240,056	1,286,996	1,236,970	50,026	157,188	157,188	0	211,172	209,168	2,004	9,218,891	8,926,805	292,086
Excess (deficiency) of revenues over (under) expenditures	(511,925)	(206,668)	305,257	(114,319)	(71,111)	43,208	67,324	67,324	0	310,833	314,240	3,407	(248,087)	103,785	351,872
Other financing sources (uses):															
Refund of prior year's expenditures	118,065	119,154	1,089										118,065	119,154	1,089
Operating transfers in	185,465	187,175	1,710	8,724	8,724	0				15,042	15,082	40	209,231	210,981	1,750
Operating transfers (out)	(212,830)	(212,830)	0	(229)	0	229	(1,000)	0	1,000	(1,500)	0	1,500	(215,559)	(212,830)	2,729
Advances in	7,291	7,358	67										7,291	7,358	67
Advances (out)	(5,000)	0	5,000										(5,000)	0	5,000
Proceeds of sale of notes										0	3,037,000	3,037,000	0	3,037,000	3,037,000
Proceeds of sale of fixed assets	525	530	5										525	530	5
Proceeds of refunding bonds							702,993	720,539	17,546				702,993	720,539	17,546
Accrued interest on bonds sold							0	1,194	1,194				0	1,194	1,194
Payment to refunded bond escrow agent							95,090	(715,000)	(810,090)				95,090	(715,000)	(810,090)
Total other financing sources (uses)	93,516	101,387	7,871	8,495	8,724	229	797,083	6,733	(790,350)	13,542	3,052,082	3,038,540	912,656	3,168,926	2,256,290
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(418,409)	(105,281)	313,128	(105,824)	(62,387)	43,437	864,407	74,057	(790,350)	324,375	3,366,322	3,041,947	664,549	3,272,711	2,608,162
Fund balances, July 1	317,318	317,318	0	267,986	267,986	0	130,578	130,578	0	(53,179)	(53,179)	0	662,703	662,703	0
Prior year encumbrances appropriated	189,871	189,871	0	21,539	21,539	0	0	0	0	35,486	35,486	0	246,896	246,896	0
Fund balances, June 30	\$88,780	\$401,908	\$313,128	\$183,701	\$227,138	\$43,437	\$994,985	\$204,635	(\$790,350)	\$306,682	\$3,348,629	\$3,041,947	\$1,574,148	\$4,182,310	\$2,608,162

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

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$22,288		\$22,288
Sales/charges for services	189,443	\$861,496	1,050,939
Other operating revenues		339	339
	<u>211,731</u>	<u>861,835</u>	<u>1,073,566</u>
Total operating revenues			
Operating expenses:			
Personal services	184,607	65,166	249,773
Contract services	3,539		3,539
Materials and supplies	242,918		242,918
Depreciation	927		927
Claims expense		1,039,266	1,039,266
Other operating expenses	808		808
	<u>432,799</u>	<u>1,104,432</u>	<u>1,537,231</u>
Total operating expenses			
Operating loss	<u>(221,068)</u>	<u>(242,597)</u>	<u>(463,665)</u>
Nonoperating revenues:			
Operating grants	167,358		167,358
Federal commodities	26,535		26,535
Interest revenue	265	2,224	2,489
	<u>194,158</u>	<u>2,224</u>	<u>196,382</u>
Total nonoperating revenues			
Net loss before operating transfers	(26,910)	(240,373)	(267,283)
Operating transfers in	65		65
Net loss	(26,845)	(240,373)	(267,218)
Retained earnings (accumulated deficit), July 1	<u>(6,620)</u>	<u>(111,972)</u>	<u>(118,592)</u>
Retained earnings (accumulated deficit), June 30	<u>(\$33,465)</u>	<u>(\$352,345)</u>	<u>(\$385,810)</u>

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

NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees	\$22,288		\$22,288
Cash received from sales/service charges	190,993	\$861,496	1,052,489
Cash received from other operations		339	339
Cash payments for personal services	(180,286)	(65,166)	(245,452)
Cash payments for contract services	(3,985)		(3,985)
Cash payments for materials and supplies	(209,910)		(209,910)
Cash payments for claims expenses		(791,200)	(791,200)
Cash payments for other expenses	(808)		(808)
Net cash provided by (used in) operating activities.	<u>(181,708)</u>	<u>5,469</u>	<u>(176,239)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	191,989		191,989
Operating transfers in from other funds.	65		65
Cash used in repayment of interfund loans		(7,358)	(7,358)
Net cash provided by (used in) noncapital financing activities.	<u>192,054</u>	<u>(7,358)</u>	<u>184,696</u>
Cash flows from capital and related financing activities:			
Aquisition of capital assets.	(1,370)		(1,370)
Net cash used in capital and related financing activities.	<u>(1,370)</u>		<u>(1,370)</u>
Cash flows from investing activities:			
Interest received	290	2,224	2,514
Net cash provided by investing activities.	<u>290</u>	<u>2,224</u>	<u>2,514</u>
Net increase in cash and cash equivalents.	9,266	335	9,601
Cash and cash equivalents at beginning of year	15,682	19,398	35,080
Cash and cash equivalents at end of year	<u>\$24,948</u>	<u>\$19,733</u>	<u>\$44,681</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss.	(\$221,068)	(\$242,597)	(\$463,665)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	927		927
Federal donated commodities	26,535		26,535
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	4,161		4,161
Decrease in accounts receivable	1,550		1,550
Increase in accounts payable	4,298		4,298
Increase in accrued wages and benefits.	3,136		3,136
Increase in compensated absences payable	890		890
Decrease in pension obligation payable	295		295
Increase in claims payable		248,066	248,066
Decrease in deferred revenue.	(2,432)		(2,432)
Net cash provided by (used in) operating activities	<u>(\$181,708)</u>	<u>\$5,469</u>	<u>(\$176,239)</u>

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District was established in 1856 through the consolidation of existing land areas and school districts. The School District is staffed by 52 non-certificated employees, 107 certificated full-time teaching personnel and 8 administrative employees who provide services to 1,362 students and other community members. The School District currently operates 4 instructional buildings, 1 administrative building, and 1 garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

A. Reporting Entity - (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

Buckeye Career Center

The Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Career Center's Board of Education is comprised of representatives from the Board of Education of each participating school district. The Career Center's Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The School District's students may attend the Career Center. Each participating School District's control is limited to its representation on the Career Center's Board of Education.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a not-for-profit computer service organization whose primary function is to provide information technology services to its member school districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by the OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records, and test scoring.

The OME-RESA is one of twenty-five regional service organizations serving over 600 public school districts in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education (ODE), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio school districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODE.

The OME-RESA is owned and operated by forty-nine member school districts in ten different Ohio counties. The member school districts are comprised of public school districts and county boards of education. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors.

The OME-RESA is located in the Jefferson County School building in Steubenville, Ohio. The Jefferson County School is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by boards of education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

B. Basis of Presentation - Fund Accounting

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

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

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

GOVERNMENTAL FUND TYPES

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

B. Basis of Presentation - Fund Accounting - (Continued)

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

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

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

PROPRIETARY FUND TYPES

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

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

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

B. Basis of Presentation - Fund Accounting - (Continued)

FIDUCIARY FUND TYPES

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust funds and an agency fund. The expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3 for agency fund accruals which, in other fund types, would be subject to accrual.

ACCOUNT GROUPS

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined 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 combined balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., 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 GPFS. Basis of accounting relates to the timing of the measurements made.

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

C. Measurement Focus and Basis of Accounting - (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

D. Budgetary Process

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

D. Budgetary Process - (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The School District's "legal level" of budgetary control is at the function level of expenditures for the general fund and the fund level of expenditures for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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 tax rates.

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

D. Budgetary Process - (Continued)

Appropriations:

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the Annual Appropriation Resolution must be legally enacted by the Board of Education at the function level of expenditures for the general fund and the fund level of expenditures for all other funds, which are the legal levels of budgetary control. Prior to the passage of the Annual Appropriation Resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the School District. Although the legal levels of budgetary control were established at the function level of expenditures for the general fund and the fund level of expenditures for all other funds, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. The Appropriation Resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education.

The Board of Education 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. Supplemental appropriations were legally enacted by the Board during fiscal year 2000.

The budget figures which appear in the statements of budgetary comparisons represent the original appropriation amounts approved by the Board of Education on November 8, 1999. See Note 3 to the financial statements for additional information. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

D. Budgetary Process - (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the GPFS for proprietary funds.

Lapsing of Appropriations:

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School 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 consisted of U.S. Treasury Notes, Federal Agency Securities, a nonnegotiable certificate of deposit and a repurchase agreement. Investments are reported at fair market value, which is based on quoted market prices, with the following exceptions: nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The certificate of deposit maintained in the Claude Hinds Memorial Fund and the U.S. Treasury Notes and Federal Agency Securities maintained in the Classroom Facilities capital projects fund are reflected on the combined balance sheet as "Investments in Segregated Accounts".

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

E. Cash and Investments - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the Classroom Facilities capital projects fund and the expendable trust funds. The Food Service enterprise fund receives interest earnings based upon Federal mandate and the Self-Insurance internal service fund receives interest earnings as the amount is held by a fiscal agent in an interest bearing account separate from the School District's internal investment pool. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$57,821, which includes \$39,251 assigned from other School District Funds.

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

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

F. Inventory

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500 for all fixed assets other than building improvements. A building improvement must have significant impact and be of a material amount, \$5,000 or more per improvement, in order to be capitalized. The School District does not have any infrastructure.

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Professional Development Block Grant
- Learn and Serve American Grant
- Community Alternative Funding System
- Class Size Reduction
- E-Rate
- Data Communications Support
- SchoolNet Professional Development
- Ohio Reads
- Title VI-B
- Raising the Bar Grant

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

H. Intergovernmental Revenues - (Continued)

Non-Reimbursable Grants - (cont.)

Capital Projects Funds

Technology Equity
Classroom Facilities
Emergency School Building Repair
Permanent Improvement
SchoolNet

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

I. Compensated Absences

Compensated absences of the School District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the School District and the employee.

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

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

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than 60 days after year end are considered not to have been made with current available financial resources. Bonds and capital leases are reported as a liability of the general long-term obligations account group until due.

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

K. Interfund Transactions

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

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable and payable". The School District had no short-term interfund loans receivable or payable at June 30, 2000.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

K. Interfund Transactions - (Continued)

4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The School District had no long-term advances receivable or payable at June 30, 2000.

An analysis of interfund transactions is presented in Note 5.

L. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepayments, inventories of materials and supplies, debt service, tax advance unavailable for appropriation, budget stabilization and textbooks. The reserve for property tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

M. Prepays

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

N. Contributed Capital

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

Because the School District did not prepare GPFS in accordance with GAAP prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined GPFS. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. During fiscal year 2000, there was a change in contributed capital (see Note 9).

O. 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. See Note 18 for detail of statutory reserves.

P. Estimates

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

Q. Bond Discounts, Premiums and Issuance Costs

When the proceeds from general obligation bonded debt are placed in a governmental typed fund, any bond issuance costs are shown as "Bond Issuance Costs". Any premium or discount is included in "Other Financing Sources - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the general long-term obligations account group is always reported at the bond's face value.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

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

R. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances/Retained Earnings

Fund balance/retained earning at June 30, 2000, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Fund</u>	
Disadvantaged Pupil Impact Aid	\$ 7,596
<u>Enterprise Fund</u>	
Food Service	33,465
<u>Internal Service Fund</u>	
Employee Benefits - Self-Insurance	352,345

These funds complied with Ohio state law which does not permit a cash basis deficit at year end.

The deficit fund balance in the Disadvantaged Pupil Impact Aid special revenue fund is caused by the application of GAAP, namely in the reporting of a liability for accrued wages attributable to the fiscal year. This deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The deficit retained earnings in the Food Service enterprise fund is due to the reporting of accruing wage, benefit and retirement obligations in accordance with GAAP. This deficit will be funded by user charges and other subsidies not recognized and recorded at June 30.

The deficit retained earnings in the Internal Service Employee Benefits Self-Insurance Fund is a result of the application of GAAP, namely in the recognition of incurred but not paid and incurred but not reported claims as a fund liability. This deficit will be eliminated as premiums are received to pay these claims.

B. Agency Funds

The following are accruals for the agency fund, which, in another fund type, would be recognized in the combined balance sheet:

LIABILITIES

Accounts payable	\$99
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C. Compliance

Contrary to the Ohio Revised Code Section 5705.40, the School District amended appropriations without the approval of the Board of Education.

Contrary to the Ohio Revised Code Section 5705.41 (B), expenditures exceeded appropriations at the School District's "legal level of control", which is the function level of expenditures for the general fund and the fund level of expenditures for all other funds.

Contrary to the Ohio Revised Code Section 5705.42, the School District did not initially record proceeds received from Bond Anticipation Notes associated with the Ohio School Facilities Commission renovation project.

Contrary to the Ohio Revised Code Section 5705.10, the School District used money from one fund to cover the expenses of another fund, resulting in negative fund balances.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the School District into three categories:

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

Inactive deposits are public deposits 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 accounts, including passbook accounts.

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

Interim monies may be invested or deposited 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 or interest by the United States;

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 4 - EQUITY IN 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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Cash with Fiscal Agent: The School District is self-insured through a fiscal agent. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants. The amount held by the fiscal agent at June 30, 2000, was \$19,733.

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

Deposits: At year end, the carrying amount of the School District's deposits, including non-negotiable certificates of deposit, was \$304,682 and the bank balance, including non-negotiable certificates of deposit, was \$387,526. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$187,526 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money has been followed, non compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the School District's name.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

	<u>Category 2</u>	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase Agreements	\$1,210,469	\$ - - -	\$1,210,469	\$1,210,469
Federal Agency Securities	- - -	154,448	154,448	154,448
U.S. Treasury Notes	<u>- - -</u>	<u>2,875,273</u>	<u>2,875,273</u>	<u>2,875,273</u>
	<u>\$1,210,469</u>	<u>\$3,029,721</u>		
Total Investments			<u>\$4,240,190</u>	<u>\$4,240,190</u>

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No 9	\$ 1,532,737	\$3,031,868
Investments of the cash management pool:		
Certificate of deposit with an original maturity greater than three months	2,147	(2,147)
Repurchase agreement	(1,210,469)	1,210,469
Cash with fiscal agent	<u>(19,733)</u>	<u>- - -</u>
GASB Statement No. 3	<u>\$ 304,682</u>	<u>\$4,240,190</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 5 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the School District's operating transfers at June 30, 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$23,871
<u>Special Revenue Funds</u>		
District Managed Student Activity	111	---
Public School Support	4	---
Title I	2,777	---
E-Rate	5,832	---
<u>Capital Projects Funds</u>		
SchoolNet		
Middle School Elevator Grant	15,082	---
<u>Enterprise Fund</u>		
Uniform School Supplies	<u>65</u>	<u>---</u>
Totals	<u>\$23,871</u>	<u>\$23,871</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

The assessed value upon which the 1999 taxes were collected was \$73,246,537. Agricultural/Residential and minerals real estate represented 57.78% or \$43,786,450 of this total; Commercial & Industrial real estate represented 14.58% or \$10,679,060 of this total, public utility tangible represented 11.99% or \$8,780,560 of this total and general tangible property represented 13.65% or \$10,000,467 of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$42.60 per \$1,000.00 of assessed valuation for operations, \$1.50 per \$1,000.00 of assessed valuation for permanent improvements and \$4.80 per \$1,000.00 of assessed valuation for debt service.

The School District receives property taxes from Tuscarawas, Coshocton and Guernsey Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible 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 fiscal 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, and recorded as revenue, at June 30, 2000, was \$593,631 in the general fund, \$1,209 in the Classroom Maintenance special revenue fund, \$85,466 in the debt service fund and \$16,828 in the Permanent Improvement capital projects fund.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

Taxes available for advance and recognized as revenue but not received by the School District prior to June 30, 2000, are reflected as a reservation of fund balance for tax advance unavailable for appropriation. The School District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and amounts due from other funds. Intergovernmental receivables have been reported as “due from other governments” on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of Federal funds. A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,917,374
Accounts	8,142
Due from other governments	950
Accrued interest	2,117
 <u>Special Revenue Funds</u>	
Taxes - current and delinquent	34,405
Due from other governments	4,190
Accounts	461
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	322,502
 <u>Capital Projects Fund</u>	
Taxes - current and delinquent	42,541

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 8 - FIXED ASSETS

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

Furniture and equipment	\$ 47,398
Less accumulated depreciation	<u>(37,096)</u>
Net fixed assets	<u>\$ 10,302</u>

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

<u>Asset Category</u>	<u>Restated Balance 07/01/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/00</u>
Land and improvements	\$ 146,928	\$ - - -	\$ - - -	\$ 146,928
Building and improvements	4,172,452	51,393	- - -	4,223,845
Furniture, fixtures and equipment	1,414,556	349,273	(33,570)	1,730,259
Vehicles	650,051	57,042	- - -	707,093
Construction in Progress	<u>0</u>	<u>247,952</u>	<u>- - -</u>	<u>247,952</u>
Totals	<u>\$6,383,987</u>	<u>\$705,660</u>	<u>\$(33,570)</u>	<u>\$7,056,077</u>

The construction in progress represents architect/design fees incurred for the District's Construction Project described in Note 10.B.

NOTE 9 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2000 are summarized by source as follow:

	<u>Food Service</u>
Contributed capital, July 1, 1999	\$24,724
Current contributions	<u>1,167</u>
Contributed capital, June 30, 2000	<u>\$25,891</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 10 - LONG-TERM OBLIGATIONS

A. On October 1, 1999, the District issued \$715,000 general obligation various purpose refunding bonds. The bonds bear interest at rates ranging from 4.55 percent to 5.55 percent per annum and mature in various installments through December 1, 2010. The proceeds of the bonds were used to advance refund the 1989 general obligation school improvement bonds by purchasing U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The total amount of funds available in the trust at June 30, 2000 was \$660,000. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding.

During fiscal year 2000, the district made a \$70,000 principal payment on the refunded bonds. This amount is reported as debt service principal retirement in the governmental funds. The principal balance of the general obligation refunding bonds at June 30, 2000 was \$645,000.

The District advance refunded the 1989 general obligation school improvement bonds to reduce its total debt service over the next 10 years by \$174,541 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$121,553.

The following is a description of the District's advance refunding activity for fiscal year 2000:

	<u>Outstanding July 1, 1999</u>	<u>Issued in 2000</u>	<u>Retired in 2000</u>	<u>Outstanding June 30, 2000</u>
General Obligation Bonds	<u>\$715,000</u>	<u>\$715,000</u>	<u>\$(785,000)</u>	<u>\$645,000</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. During the fiscal year, the School District began construction and renovation of various school buildings in accordance with the terms of a Facilities grant from the Ohio Schools Facilities commission (OSFC). The total project (hereafter “Construction Project”) encompasses renovations and additions to the existing west elementary, middle school and high school. The total estimated cost of the Construction Project is \$15,000,000, of which OSFC will pay \$11,963,000. OSFC will make quarterly disbursements to the School District as the Construction Project is completed. The Construction Project is expected to take approximately two years to complete.

The voters of the School District passed a 3.2 mill bonded debt tax levy to provide for the School Districts share of the construction costs. The general obligation bonds will not be issued until fiscal year 2001 (See Note 20), however, the School District issued a bond anticipation note during fiscal year 2000 (See C below) to begin the Construction Project. Proceeds from the bond anticipation note are reported in the capital projects funds.

C. On February 2, 2000, the School District issued \$3,037,000 in bond anticipation notes to begin the Construction Project under the terms outlined by the OSFC. These notes bear an annual interest rate of 4.75% and mature on November 1, 2000. In accordance with FASB Statement No. 6, “Classification of Short-Term Obligations Expected to Be Refinanced,” the bond anticipation notes are considered long-term obligations because they have been replaced with long-term bonds before the financial statements have been issued. A summary of bond anticipation note transactions for the year ended June 30, 2000 follows:

	<u>Principal Outstanding June 30, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2000</u>
<u>Capital Projects Funds</u>				
Bond Anticipation				
Notes - 4.75%	\$ <u>0</u>	<u>\$3,037,000</u>	<u>\$ - - -</u>	<u>\$3,037,000</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

D. The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Balance Outstanding <u>07/01/99</u>	<u>Additions</u>	<u>Deductions</u>	Balance Outstanding <u>06/30/00</u>
General obligation bonds	\$ 715,000	\$ 715,000	\$(785,000)	\$ 645,000
Pension obligation	66,156	67,276	(66,156)	67,276
Bond anticipation notes	0	3,037,000	- - -	3,037,000
Early retirement incentive	20,000	20,000	(40,000)	0
Compensated absences	<u>368,954</u>	<u>57,737</u>	<u>(56,167)</u>	<u>370,524</u>
Total general long-term obligations	<u>\$1,170,110</u>	<u>\$3,897,013</u>	<u>\$(947,323)</u>	<u>\$4,119,800</u>

Compensated absences and pension obligations will be paid from the fund from which the employees' salaries are paid.

E. Principal and interest requirements to retire the general obligation bond outstanding at June 30, 2000, are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 65,000	\$ 31,109	\$ 96,109
2002	65,000	28,054	93,054
2003	65,000	24,950	89,950
2004	60,000	21,920	81,920
2005	60,000	18,950	78,950
2006 - 2010	280,000	49,805	329,805
2011 - 2012	<u>50,000</u>	<u>1,388</u>	<u>51,388</u>
Total	<u>\$645,000</u>	<u>\$176,176</u>	<u>\$821,176</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$3,594,504 (including available funds of \$298,723) and an unvoted debt margin of \$43,786.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for all personnel. Upon retirement, payment is made for one-fourth of the accrued, but unused, sick leave balance to a maximum of 50 days for all employees.

B. Early Retirement Incentive

The School District provides an early retirement incentive plan for STRS employees who elect to retire within 30 days after the end of the school year in which he/she becomes eligible for retirement under STRS criteria. This is a one time opportunity for those eligible in fiscal years 1999 and 2000. Employees who enroll in the early retirement incentive plan must submit written notification to the Board on or before the May Board meeting of 1999 and 2000. The one time cash payment of \$10,000 shall be made within 30 days of the retirement date or on January 2 of the following year. Three employees took advantage of the early retirement incentive in fiscal year 2000; however, only two received their one-time cash payment prior to June 30, 2000.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

C. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to employees through Medical Life Insurance Company in the amount of \$30,000.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Utica National for property insurance, and Nationwide Insurance for fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	100% Blanket
Inland Marine Coverage (\$250 deductible)	\$ 1,050,000
Boiler and Machinery (\$1,000 deductible)	18,607,380
Automobile Liability (no deductible)	2,000,000
Professional Liability:	
Per Occurrence	2,000,000
Per Aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Worker's Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced 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 performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Group Life, Medical, Dental, and Vision Insurance

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of several school districts within the County, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$133,962 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2000	\$124,012	\$1,029,606	\$(781,540)	\$372,078
1999	\$130,902	\$783,273	\$(790,163)	\$124,012

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$189,443	\$22,288	\$211,731
Operating expenses less depreciation	403,818	28,054	431,872
Depreciation expense	927	---	927
Operating loss	(215,302)	(5,766)	(221,068)
Donated commodities	26,535	---	26,535
Operating grants	167,358	---	167,358
Net income (loss)	(21,144)	(5,701)	(26,845)
Net working capital	(6,606)	---	(6,606)
Total assets	41,402	---	41,402
Total liabilities	48,976	---	48,976
Contributed capital	25,891	---	25,891
Total equity	(7,574)	---	(7,574)
Encumbrances outstanding at June 30, 2000	4,806	---	4,806

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$142,472, \$130,484, and \$125,869, respectively; 37 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$90,156, 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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$545,357, \$495,310, and \$489,031, respectively; 81 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$104,656, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. The District's liability is 6.2 percent of wages paid.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 15 - POSTEMPLOYMENT 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$311,633 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. 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.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$104,515 during the 2000 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(105,281)	\$(62,387)	\$ 74,057	\$3,366,322
Net adjustment for revenue accruals	372,806	(27,566)	75,805	3,869
Net adjustment for expenditure accruals	(17,480)	(9,985)	(200)	(216,960)
Net adjustment for other financing sources (uses) accruals	(124,728)	---	---	---
Encumbrances (budget basis)	<u>45,828</u>	<u>32,444</u>	<u>---</u>	<u>9,003</u>
GAAP basis	<u>\$ 171,145</u>	<u>\$(67,494)</u>	<u>\$149,662</u>	<u>\$3,162,234</u>

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$4,678,993 of total school foundation support for its general fund.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES - (Continued)

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

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

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 18 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 20,106	\$ 88,779
Current year set-aside requirement	149,133	149,133	49,711
Current year offsets	---	(3,077,152)	---
Qualifying disbursements	<u>(134,699)</u>	<u>(22,739)</u>	<u>---</u>
Total	<u>\$ 14,434</u>	<u>\$(2,930,652)</u>	<u>\$138,490</u>
Cash balance carried forward to FY 2001	<u>\$ 14,434</u>	<u>\$ 0</u>	<u>\$138,490</u>

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

Amount restricted for budget stabilization	\$138,490
Amount restricted for textbooks	<u>14,434</u>
Total restricted assets	<u>\$152,924</u>

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District has entered into contractual commitments for architect/design services as part of the Construction Project described in Note 10.B. As of June 30, 2000, the School District has incurred \$247,952 worth of architect/designed services. This amount has been reported as a liability of the capital projects funds.

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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

NOTE 20 - SIGNIFICANT SUBSEQUENT EVENTS

In accordance with the terms of the OSFC grant described in Note 10.B., the School District issued bonds to provide for the School District's share of construction costs. Proceeds from the bond issue were used to retire the bond anticipation note described in Note 10.C., therefore, providing long-term financing of the Construction Project. The following is a description of the bond activity subsequent to June 30, 2000:

<u>Type of Bond</u>	<u>Issue Date</u>	<u>Amount</u>
General Obligation Bonds (Both current interest and capital appreciation bonds)	10/16/2000	\$3,037,000

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$19,013	\$0	\$19,287
National School Lunch Program	N/A	10.555	147,999	0	147,999	0
School Breakfast Program	N/A	10.553	29,278	0	29,278	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			177,277	19,013	177,277	19,287
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Passed Through Ohio Job Training Partnership:</i>						
Employment Services and Job Training Pilot and Demonstration Program	45542WKBE1999	17.249	566	0	6,977	0
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	455426BSF2000 455426BSF1999	84.027	93,504 0	0 0	72,217 10,278	0 0
Total Special Education Grants to States			93,504	0	82,495	0
Title I Grants to Local Educational Agencies	45542C1S12000 45542C1S11999	84.010	371,352 33,879	0 0	321,376 66,165	0 0
Total Title I Grants to Local Educational Agencies			405,231	0	387,541	0
Learn and Serve America School and Community Based Program Grant	45542G2SV2000 45542G2SV1999	94.004	30,000 0	0 0	19,188 6,609	0 0
Total Learn and Serve America School and Community Based Program Grant			30,000	0	25,797	0
Title VI, IASA	45542C2S12000	84.151	851 1,955	0 0	4,825 4	0 0
Total Title VI, IASA			2,806	0	4,829	0
Technology Literacy Challenge Grant	45542TF322000	84.318	225,000	0	312,500	0
Class Size Reduction Grant	45542CRS12000	84.340	48,779	0	40,407	0
Total U.S. Department of Education			805,320	0	853,569	0
Totals			\$983,163	\$19,013	\$1,037,823	\$19,287

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

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had food commodities totaling \$3,036 in inventory.



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

Newcomerstown Exempted Village School District
Tuscarawas County
702 S. River Street
Newcomerstown, Ohio 43832

To the Board of Education:

We have audited the general purpose financial statements of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated March 2, 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 2000-11279-001 through 2000-11279-004.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 2, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 2, 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 2, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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**

Newcomerstown Exempted Village School District
Tuscarawas County
702 S. River Street
Newcomerstown, Ohio 43832

To the Board of Education:

Compliance

We have audited the compliance of the Newcomerstown Exempted Village School District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that 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 other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 2, 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 2, 2001

**NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	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):	Technology Literacy Challenge Grant CFDA #84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2000-11279-001

Non-compliance Citation

Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. The District had the following significant negative fund cash balances during fiscal year 2000:

<u>Fund Type/Fund</u>	<u>Approximate Amount or Range of Negative Fund Balance</u>
Special Revenue	
1999/2000 Title I Fund (Fund No. 572)	\$7,000 - \$50,000
Expendable Trust	
Vernon and Edith Lee Fund (Fund No. 007)	\$20,000
Internal Service	
Employee Benefit Self Insurance Fund (Fund No. 024)	\$70,000

The above negative fund cash balances were eliminated by June 30, 2000.

Negative fund cash balances are an indication that revenues from other funds were used to pay obligations of these funds. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards. Fund activity should be monitored to prevent future expenditures in excess of available resources. When additional funds are required, resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

FINDING NUMBER 2000-11279-002

Noncompliance Citation

Ohio Rev. Code Section 5705.40 provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the tax authority in making the original appropriation.

The Treasurer amended certain fund appropriations within the District's accounting system based on Board of Education approved amendments to the Certificate of Estimated Resources without the specific approval of the Board of Education. In addition, the Board of Education granted the Treasurer the authority to modify appropriations as necessary. As a result, amendments to the District's Permanent Appropriation Measure adopted by the Board on November 8, 1999, were not legally valid. The amendments were as follows:

<u>Fund Types</u>	<u>Original Appropriations</u>	<u>Amended Appropriations</u>	<u>Variance</u>
Special Revenue	\$1,395,610	\$1,520,418	\$124,808
Debt Service	253,278	1,058,084	804,806
Capital Projects	47,444	413,019	365,575
Fiduciary	304,371	509,584	205,213

As the District's legislative authority, the Board of Education should approve all supplemental appropriations prior to the Treasurer amending the District's appropriations. This will help ensure that all amendments to the District's Appropriation Measure are valid.

FINDING NUMBER 2000-11279-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At June 30, 2000, fund level expenditures plus outstanding encumbrances exceeded appropriations in the Debt Service Bond Retirement Fund (Fund No. 002) by \$600,172.

The Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid potential overspending.

FINDING NUMBER 2000-11279-004

Noncompliance Citation

Ohio Rev. Code Section 5705.42 states when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

During fiscal year 2000, the Treasurer did not record Ohio School Facilities Commission Bond Anticipation Note proceeds in the Capital Projects Ohio School Facilities Commission Project - Local Share Fund (Fund No. 010) totaling \$3,037,000. As a result, note proceeds were initially understated. The Treasurer should record Bond Anticipation Note proceeds as a receipt upon issuance. In addition, the Treasurer should ensure that the corresponding liability associated with the note issuance is recognized on the District's financial statements. This will help ensure receipts and liabilities are not understated.



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NEWCOMERSTOWN EXEMPTED VILLAGE SCHOOL DISTRICT

TUSCARAWAS 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
APRIL 10, 2001**