



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2000-1999**



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

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**STATE OF OHIO**



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Parkway Local School District  
Mercer County  
401 South Franklin Street  
Rockford, Ohio 45882-9040

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Parkway Local School District, Mercer County, (the School District) as of and for the years ended June 30, 2000 and 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School 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 Parkway Local School District, Mercer County, as of June 30, 2000 and 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2000 on our consideration of the School 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.

**Jim Petro**  
Auditor of State

December 13, 2000

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**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

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

|   | <u>Governmental Fund Types</u> |                            |                         |                             |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| <b><u>Assets and Other Debits:</u></b>  |                                |                            |                         |                             |
| <b><u>Assets:</u></b>   |                                |                            |                         |                             |
| Equity in Pooled Cash and Cash Equivalents                                      | \$1,727,660                    | \$131,609                  | \$24,002                | \$80,407                    |
| Cash and Cash Equivalents with Fiscal Agent                                     | 0                              | 0                          | 431                     | 0                           |
| Receivables:  |                                |                            |                         |                             |
| Property Taxes  | 1,914,487                      | 0                          | 44,186                  | 58,414                      |
| Income Taxes  | 290,533                        | 0                          | 0                       | 0                           |
| Accounts  | 6,222                          | 15                         | 0                       | 0                           |
| Intergovernmental   | 2,332                          | 0                          | 0                       | 0                           |
| Accrued Interest  | 2,546                          | 0                          | 0                       | 0                           |
| Interfund   | 7,996                          | 0                          | 0                       | 0                           |
| Prepaid Items   | 52,002                         | 540                        | 0                       | 0                           |
| Materials and Supplies Inventory  | 0                              | 0                          | 0                       | 0                           |
| Inventory Held for Resale   | 0                              | 0                          | 0                       | 0                           |
| Restricted Assets:  |                                |                            |                         |                             |
| Equity in Pooled Cash and Cash Equivalents                                      | 170,070                        | 0                          | 0                       | 0                           |
| Fixed Assets (net, where applicable, of accumulated depreciation)               | 0                              | 0                          | 0                       | 0                           |
| <b><u>Other Debits:</u></b>   |                                |                            |                         |                             |
| Amount Available in Debt Service Fund for Retirement of General Obligation Debt | 0                              | 0                          | 0                       | 0                           |
| Amount to be Provided from General Governmental Resources                       | 0                              | 0                          | 0                       | 0                           |
| <b>Total Assets and Other Debits</b>  | <u>\$4,173,848</u>             | <u>\$132,164</u>           | <u>\$68,619</u>         | <u>\$138,821</u>            |
| <b><u>Liabilities, Fund Equity, and Other Credits:</u></b>                      |                                |                            |                         |                             |
| <b><u>Liabilities:</u></b>  |                                |                            |                         |                             |
| Accounts Payable  | \$24,731                       | \$4,273                    | \$0                     | \$0                         |
| Accrued Wages and Benefits  | 510,413                        | 21,421                     | 0                       | 0                           |
| Compensated Absences Payable  | 7,325                          | 0                          | 0                       | 0                           |
| Intergovernmental Payable   | 107,671                        | 2,207                      | 0                       | 0                           |
| Interfund Payable   | 0                              | 7,996                      | 0                       | 0                           |
| Deferred Revenue  | 1,897,400                      | 15                         | 44,186                  | 57,186                      |
| Undistributed Assets  | 0                              | 0                          | 0                       | 0                           |
| Due to Students   | 0                              | 0                          | 0                       | 0                           |
| Matured Interest Payable  | 0                              | 0                          | 431                     | 0                           |
| Notes Payable   | 0                              | 0                          | 0                       | 82,500                      |
| Asbestos Removal Loan Payable   | 0                              | 0                          | 0                       | 0                           |
| <b>Total Liabilities</b>  | <u>2,547,540</u>               | <u>35,912</u>              | <u>44,617</u>           | <u>139,686</u>              |
| <b><u>Fund Equity and Other Credits:</u></b>                                    |                                |                            |                         |                             |
| Investment in General Fixed Assets  | 0                              | 0                          | 0                       | 0                           |
| Contributed Capital   | 0                              | 0                          | 0                       | 0                           |
| Retained Earnings:  |                                |                            |                         |                             |
| Unreserved  | 0                              | 0                          | 0                       | 0                           |
| Fund Balance:   |                                |                            |                         |                             |
| Reserved for Property Taxes   | 22,692                         | 0                          | 0                       | 1,228                       |
| Reserved for Budget Stabilization   | 99,677                         | 0                          | 0                       | 0                           |
| Reserved for Bus Purchase   | 70,393                         | 0                          | 0                       | 0                           |
| Reserved for Contributions  | 0                              | 0                          | 0                       | 0                           |
| Reserved for Encumbrances   | 93,728                         | 23,355                     | 0                       | 28,885                      |
| Designated for Budget Stabilization   | 23,454                         | 0                          | 0                       | 0                           |
| Unreserved, Undesignated (Deficit)  | 1,316,364                      | 72,897                     | 24,002                  | (30,978)                    |
| <b>Total Fund Equity (Deficit) and Other Credits</b>                            | <u>1,626,308</u>               | <u>96,252</u>              | <u>24,002</u>           | <u>(865)</u>                |
| <b>Total Liabilities, Fund Equity, and Other Credits</b>                        | <u>\$4,173,848</u>             | <u>\$132,164</u>           | <u>\$68,619</u>         | <u>\$138,821</u>            |

See Accompanying Notes to the General Purpose Financial Statements



| Proprietary<br>Fund Type | Fiduciary<br>Fund Types | Account Groups             |                                     | Totals<br>(Memorandum<br>Only) |
|--------------------------|-------------------------|----------------------------|-------------------------------------|--------------------------------|
|                          |                         | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations |                                |
| Enterprise               | Trust and<br>Agency     |                            |                                     |                                |
| \$176,369                | \$48,876                | \$0                        | \$0                                 | \$2,188,923                    |
| 0                        | 0                       | 0                          | 0                                   | 431                            |
| 0                        | 0                       | 0                          | 0                                   | 2,017,087                      |
| 0                        | 0                       | 0                          | 0                                   | 290,533                        |
| 4,681                    | 0                       | 0                          | 0                                   | 10,918                         |
| 916                      | 0                       | 0                          | 0                                   | 3,248                          |
| 0                        | 314                     | 0                          | 0                                   | 2,860                          |
| 0                        | 0                       | 0                          | 0                                   | 7,996                          |
| 1,909                    | 0                       | 0                          | 0                                   | 54,451                         |
| 1,100                    | 0                       | 0                          | 0                                   | 1,100                          |
| 9,216                    | 0                       | 0                          | 0                                   | 9,216                          |
| 0                        | 0                       | 0                          | 0                                   | 170,070                        |
| 71,389                   | 0                       | 6,956,814                  | 0                                   | 7,028,203                      |
| 0                        | 0                       | 0                          | 24,002                              | 24,002                         |
| 0                        | 0                       | 0                          | 392,984                             | 392,984                        |
| <u>\$265,580</u>         | <u>\$49,190</u>         | <u>\$6,956,814</u>         | <u>\$416,986</u>                    | <u>\$12,202,022</u>            |
| \$0                      | \$0                     | \$0                        | \$0                                 | \$29,004                       |
| 15,419                   | 0                       | 0                          | 0                                   | 547,253                        |
| 15,270                   | 0                       | 0                          | 349,627                             | 372,222                        |
| 13,841                   | 0                       | 0                          | 56,195                              | 179,914                        |
| 0                        | 0                       | 0                          | 0                                   | 7,996                          |
| 5,923                    | 0                       | 0                          | 0                                   | 2,004,710                      |
| 0                        | 3,823                   | 0                          | 0                                   | 3,823                          |
| 0                        | 25,462                  | 0                          | 0                                   | 25,462                         |
| 0                        | 0                       | 0                          | 0                                   | 431                            |
| 0                        | 0                       | 0                          | 0                                   | 82,500                         |
| 0                        | 0                       | 0                          | 11,164                              | 11,164                         |
| <u>50,453</u>            | <u>29,285</u>           | <u>0</u>                   | <u>416,986</u>                      | <u>3,264,479</u>               |
| 0                        | 0                       | 6,956,814                  | 0                                   | 6,956,814                      |
| 7,154                    | 0                       | 0                          | 0                                   | 7,154                          |
| 207,973                  | 0                       | 0                          | 0                                   | 207,973                        |
| 0                        | 0                       | 0                          | 0                                   | 23,920                         |
| 0                        | 0                       | 0                          | 0                                   | 99,677                         |
| 0                        | 0                       | 0                          | 0                                   | 70,393                         |
| 0                        | 1,200                   | 0                          | 0                                   | 1,200                          |
| 0                        | 0                       | 0                          | 0                                   | 145,968                        |
| 0                        | 0                       | 0                          | 0                                   | 23,454                         |
| 0                        | 18,705                  | 0                          | 0                                   | 1,400,990                      |
| <u>215,127</u>           | <u>19,905</u>           | <u>6,956,814</u>           | <u>0</u>                            | <u>8,937,543</u>               |
| <u>\$265,580</u>         | <u>\$49,190</u>         | <u>\$6,956,814</u>         | <u>\$416,986</u>                    | <u>\$12,202,022</u>            |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

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

|   | Governmental Fund Types |                    |                 | Fiduciary           | Totals<br>(Memorandum<br>Only) |                                  |
|---|-------------------------|--------------------|-----------------|---------------------|--------------------------------|----------------------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |                                | Fund Type<br>Expendable<br>Trust |
| <b>Revenues:</b>  |                         |                    |                 |                     |                                |                                  |
| Property Taxes  | \$1,711,554             | \$0                | \$20,625        | \$28,698            | \$0                            | \$1,760,877                      |
| Income Taxes  | 858,629                 | 0                  | 0               | 0                   | 0                              | 858,629                          |
| Intergovernmental   | 4,033,619               | 288,570            | 0               | 112,526             | 0                              | 4,434,715                        |
| Interest  | 132,613                 | 0                  | 0               | 0                   | 112                            | 132,725                          |
| Tuition and Fees  | 90,740                  | 0                  | 0               | 0                   | 0                              | 90,740                           |
| Extracurricular Activities  | 0                       | 169,068            | 0               | 0                   | 0                              | 169,068                          |
| Gifts and Donations   | 2,362                   | 7,058              | 0               | 5,500               | 4,626                          | 19,546                           |
| Miscellaneous   | 59,612                  | 116,425            | 0               | 0                   | 0                              | 176,037                          |
| <b>Total Revenues</b>   | <b>6,889,129</b>        | <b>581,121</b>     | <b>20,625</b>   | <b>146,724</b>      | <b>4,738</b>                   | <b>7,642,337</b>                 |
| <b>Expenditures:</b>  |                         |                    |                 |                     |                                |                                  |
| Current:  |                         |                    |                 |                     |                                |                                  |
| Instruction:  |                         |                    |                 |                     |                                |                                  |
| Regular   | 2,982,571               | 90,765             | 0               | 5,791               | 0                              | 3,079,127                        |
| Special   | 847,357                 | 146,470            | 0               | 0                   | 0                              | 993,827                          |
| Vocational  | 185,501                 | 0                  | 0               | 0                   | 0                              | 185,501                          |
| Other   | 7,073                   | 0                  | 0               | 0                   | 0                              | 7,073                            |
| Support Services:   |                         |                    |                 |                     |                                |                                  |
| Pupils  | 156,576                 | 629                | 0               | 0                   | 0                              | 157,205                          |
| Instructional Staff   | 301,648                 | 16,950             | 0               | 0                   | 0                              | 318,598                          |
| Board of Education  | 9,032                   | 0                  | 0               | 0                   | 0                              | 9,032                            |
| Administration  | 543,298                 | 132,627            | 0               | 0                   | 0                              | 675,925                          |
| Fiscal  | 183,181                 | 1,476              | 0               | 1,158               | 0                              | 185,815                          |
| Operation and Maintenance of Plant  | 556,368                 | 2,479              | 0               | 0                   | 0                              | 558,847                          |
| Pupil Transportation  | 546,792                 | 178                | 0               | 0                   | 0                              | 546,970                          |
| Central   | 26,126                  | 2,550              | 0               | 0                   | 0                              | 28,676                           |
| Extracurricular Activities  | 128,302                 | 142,923            | 0               | 0                   | 0                              | 271,225                          |
| Non-Instructional Services  | 0                       | 0                  | 0               | 0                   | 2,100                          | 2,100                            |
| Capital Outlay  | 0                       | 0                  | 0               | 150,666             | 0                              | 150,666                          |
| Debt Service:   |                         |                    |                 |                     |                                |                                  |
| Principal Retirement  | 0                       | 0                  | 5,000           | 0                   | 0                              | 5,000                            |
| Interest and Fiscal Charges   | 0                       | 0                  | 0               | 1,275               | 0                              | 1,275                            |
| <b>Total Expenditures</b>   | <b>6,473,825</b>        | <b>537,047</b>     | <b>5,000</b>    | <b>158,890</b>      | <b>2,100</b>                   | <b>7,176,862</b>                 |
| Excess of Revenues Over<br>(Under) Expenditures   | 415,304                 | 44,074             | 15,625          | (12,166)            | 2,638                          | 465,475                          |
| <b>Other Financing Sources (Uses):</b>  |                         |                    |                 |                     |                                |                                  |
| Operating Transfers In  | 0                       | 0                  | 5,000           | 0                   | 0                              | 5,000                            |
| Operating Transfers Out   | (5,000)                 | 0                  | 0               | 0                   | 0                              | (5,000)                          |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(5,000)</b>          | <b>0</b>           | <b>5,000</b>    | <b>0</b>            | <b>0</b>                       | <b>0</b>                         |
| Excess of Revenues and Other Financing<br>Sources Over (Under) Expenditures<br>and Other Financing Uses | 410,304                 | 44,074             | 20,625          | (12,166)            | 2,638                          | 465,475                          |
| Fund Balances at Beginning of Year  | 1,216,004               | 52,178             | 3,377           | 11,301              | 6,203                          | 1,289,063                        |
| <b>Fund Balances (Deficit) at End of Year</b>   | <b>\$1,626,308</b>      | <b>\$96,252</b>    | <b>\$24,002</b> | <b>(\$865)</b>      | <b>\$8,841</b>                 | <b>\$1,754,538</b>               |

See Accompanying Notes to the General Purpose Financial Statements

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**PARWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

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

|   | General Fund      |                    |  | Special Revenue Funds |                  |  |
|---|-------------------|--------------------|--|-----------------------|------------------|--|
|   | Revised<br>Budget | Actual             | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget     | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                   |                    |  |                       |                  |  |
| Property Taxes  | \$1,690,771       | \$1,709,209        | \$18,438                               | \$0                   | \$0              | \$0                                    |
| Income Taxes  | 680,000           | 891,164            | 211,164                                | 0                     | 0                | 0                                      |
| Intergovernmental   | 3,852,246         | 4,031,919          | 179,673                                | 245,304               | 206,754          | (38,550)                               |
| Interest  | 97,316            | 132,135            | 34,819                                 | 0                     | 0                | 0                                      |
| Tuition and Fees  | 60,130            | 90,317             | 30,187                                 | 0                     | 0                | 0                                      |
| Extracurricular Activities  | 0                 | 0                  | 0                                      | 164,450               | 169,068          | 4,618                                  |
| Gifts and Donations   | 613               | 2,362              | 1,749                                  | 6,500                 | 7,058            | 558                                    |
| Miscellaneous   | 8,385             | 58,324             | 49,939                                 | 110,600               | 116,117          | 5,517                                  |
| <b>Total Revenues</b>   | <b>6,389,461</b>  | <b>6,915,430</b>   | <b>525,969</b>                         | <b>526,854</b>        | <b>498,997</b>   | <b>(27,857)</b>                        |
| <b>Expenditures:</b>  |                   |                    |  |                       |                  |  |
| Current:  |                   |                    |  |                       |                  |  |
| Instruction:  |                   |                    |  |                       |                  |  |
| Regular   | 3,147,506         | 3,079,300          | 68,206                                 | 109,865               | 95,097           | 14,768                                 |
| Special   | 878,557           | 848,686            | 29,871                                 | 76,921                | 63,559           | 13,362                                 |
| Vocational  | 202,682           | 185,084            | 17,598                                 | 0                     | 0                | 0                                      |
| Other   | 7,600             | 7,073              | 527                                    | 0                     | 0                | 0                                      |
| Support Services:   |                   |                    |  |                       |                  |  |
| Pupils  | 167,873           | 162,658            | 5,215                                  | 950                   | 629              | 321                                    |
| Instructional Staff   | 317,623           | 306,249            | 11,374                                 | 21,063                | 15,697           | 5,366                                  |
| Board of Education  | 15,875            | 12,190             | 3,685                                  | 0                     | 0                | 0                                      |
| Administration  | 567,993           | 542,191            | 25,802                                 | 146,825               | 137,101          | 9,724                                  |
| Fiscal  | 192,718           | 184,951            | 7,767                                  | 2,280                 | 1,476            | 804                                    |
| Operation and Maintenance of Plant  | 654,694           | 575,580            | 79,114                                 | 2,792                 | 2,479            | 313                                    |
| Pupil Transportation  | 570,481           | 557,029            | 13,452                                 | 200                   | 178              | 22                                     |
| Central   | 27,729            | 26,547             | 1,182                                  | 8,000                 | 2,550            | 5,450                                  |
| Extracurricular Activities  | 125,724           | 126,588            | (864)                                  | 182,374               | 168,635          | 13,739                                 |
| Non-Instructional Services  | 0                 | 0                  | 0                                      | 0                     | 0                | 0                                      |
| Capital Outlay  | 0                 | 0                  | 0                                      | 0                     | 0                | 0                                      |
| Debt Service:   |                   |                    |  |                       |                  |  |
| Principal Retirement  | 0                 | 0                  | 0                                      | 0                     | 0                | 0                                      |
| Interest and Fiscal Charges   | 0                 | 0                  | 0                                      | 0                     | 0                | 0                                      |
| <b>Total Expenditures</b>   | <b>6,877,055</b>  | <b>6,614,126</b>   | <b>262,929</b>                         | <b>551,270</b>        | <b>487,401</b>   | <b>63,869</b>                          |
| Excess of Revenues Over<br>(Under) Expenditures   | <b>(487,594)</b>  | <b>301,304</b>     | <b>788,898</b>                         | <b>(24,416)</b>       | <b>11,596</b>    | <b>36,012</b>                          |
| <b>Other Financing Sources (Uses):</b>  |                   |                    |  |                       |                  |  |
| Proceeds of Notes   | 0                 | 0                  | 0                                      | 0                     | 0                | 0                                      |
| Refund of Prior Year Expenditures   | 53,222            | 53,222             | 0                                      | 0                     | 284              | 284                                    |
| Refund of Prior Year Receipts   | (8)               | (8)                | 0                                      | (161)                 | (161)            | 0                                      |
| Advances In   | 33,044            | 33,044             | 0                                      | 6,187                 | 2,996            | (3,191)                                |
| Advances Out  | (13,190)          | (2,996)            | 10,194                                 | (33,044)              | (33,044)         | 0                                      |
| Operating Transfers In  | 0                 | 0                  | 0                                      | 0                     | 0                | 0                                      |
| Operating Transfers Out   | (62,933)          | (5,000)            | 57,933                                 | 0                     | 0                | 0                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>10,135</b>     | <b>78,262</b>      | <b>68,127</b>                          | <b>(27,018)</b>       | <b>(29,925)</b>  | <b>(2,907)</b>                         |
| Excess of Revenues and Other Financing<br>Sources Over (Under) Expenditures<br>and Other Financing Uses | <b>(477,459)</b>  | <b>379,566</b>     | <b>857,025</b>                         | <b>(51,434)</b>       | <b>(18,329)</b>  | <b>33,105</b>                          |
| Fund Balances at Beginning of Year  | 1,253,379         | 1,253,379          | 0                                      | 91,090                | 91,090           | 0                                      |
| Prior Year Encumbrances Appropriated  | 151,066           | 151,066            | 0                                      | 31,220                | 31,220           | 0                                      |
| <b>Fund Balances at End of Year</b>   | <b>\$926,986</b>  | <b>\$1,784,011</b> | <b>\$857,025</b>                       | <b>\$70,876</b>       | <b>\$103,981</b> | <b>\$33,105</b>                        |

See Accompanying Notes to the General Purpose Financial Statements

| Debt Service Fund |                 |                                  | Capital Projects Funds |                 |                                  | Expendable Trust Fund |                |                                  |
|-------------------|-----------------|----------------------------------|------------------------|-----------------|----------------------------------|-----------------------|----------------|----------------------------------|
| Revised Budget    | Actual          | Variance Favorable (Unfavorable) | Revised Budget         | Actual          | Variance Favorable (Unfavorable) | Revised Budget        | Actual         | Variance Favorable (Unfavorable) |
| \$21,900          | \$21,900        | \$0                              | \$26,195               | \$26,195        | \$0                              | \$0                   | \$0            | \$0                              |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 106,072                | 112,526         | 6,454                            | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 1,700                 | 112            | (1,588)                          |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 5,500                  | 5,500           | 0                                | 4,400                 | 4,626          | 226                              |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| <u>21,900</u>     | <u>21,900</u>   | <u>0</u>                         | <u>137,767</u>         | <u>144,221</u>  | <u>6,454</u>                     | <u>6,100</u>          | <u>4,738</u>   | <u>(1,362)</u>                   |
| 0                 | 0               | 0                                | 57,807                 | 38,846          | 18,961                           | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 1,200                  | 1,158           | 42                               | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 50,000                 | 50,000          | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 9,960                 | 2,100          | 7,860                            |
| 0                 | 0               | 0                                | 96,500                 | 96,497          | 3                                | 0                     | 0              | 0                                |
| 5,000             | 5,000           | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| <u>1,275</u>      | <u>1,275</u>    | <u>0</u>                         | <u>0</u>               | <u>0</u>        | <u>0</u>                         | <u>0</u>              | <u>0</u>       | <u>0</u>                         |
| <u>6,275</u>      | <u>6,275</u>    | <u>0</u>                         | <u>205,507</u>         | <u>186,501</u>  | <u>19,006</u>                    | <u>9,960</u>          | <u>2,100</u>   | <u>7,860</u>                     |
| <u>15,625</u>     | <u>15,625</u>   | <u>0</u>                         | <u>(67,740)</u>        | <u>(42,280)</u> | <u>25,460</u>                    | <u>(3,860)</u>        | <u>2,638</u>   | <u>6,498</u>                     |
| 0                 | 0               | 0                                | 82,500                 | 82,500          | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 5,000             | 5,000           | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| <u>5,000</u>      | <u>5,000</u>    | <u>0</u>                         | <u>82,500</u>          | <u>82,500</u>   | <u>0</u>                         | <u>0</u>              | <u>0</u>       | <u>0</u>                         |
| 20,625            | 20,625          | 0                                | 14,760                 | 40,220          | 25,460                           | (3,860)               | 2,638          | 6,498                            |
| 3,377             | 3,377           | 0                                | 11,301                 | 11,301          | 0                                | 6,203                 | 6,203          | 0                                |
| 0                 | 0               | 0                                | 0                      | 0               | 0                                | 0                     | 0              | 0                                |
| <u>\$24,002</u>   | <u>\$24,002</u> | <u>\$0</u>                       | <u>\$26,061</u>        | <u>\$51,521</u> | <u>\$25,460</u>                  | <u>\$2,343</u>        | <u>\$8,841</u> | <u>\$6,498</u>                   |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

|  | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> | <u>Totals</u>                |
|--|----------------------------------|--------------------------------|------------------------------|
|  | <u>Enterprise</u>                | <u>Nonexpendable<br/>Trust</u> | <u>(Memorandum<br/>Only)</u> |
| <b><u>Operating Revenues:</u></b>                      |                                  |                                |                              |
| Sales  | \$206,892                        | \$0                            | \$206,892                    |
| Tuition  | 27,019                           | 0                              | 27,019                       |
| Interest   | 0                                | 580                            | 580                          |
| Gifts and Donations                                    | 0                                | 750                            | 750                          |
| Total Operating Revenues                               | <u>233,911</u>                   | <u>1,330</u>                   | <u>235,241</u>               |
| <b><u>Operating Expenses:</u></b>                      |                                  |                                |                              |
| Salaries   | 112,856                          | 0                              | 112,856                      |
| Fringe Benefits  | 41,591                           | 0                              | 41,591                       |
| Purchased Services                                     | 22,192                           | 0                              | 22,192                       |
| Materials and Supplies                                 | 19,342                           | 0                              | 19,342                       |
| Cost of Sales  | 143,766                          | 0                              | 143,766                      |
| Depreciation   | 5,674                            | 0                              | 5,674                        |
| Other Operating Expenses                               | 6,051                            | 658                            | 6,709                        |
| Total Operating Expenses                               | <u>351,472</u>                   | <u>658</u>                     | <u>352,130</u>               |
| Operating Income (Loss)                                | <u>(117,561)</u>                 | <u>672</u>                     | <u>(116,889)</u>             |
| <b><u>Non-Operating Revenues (Expenses):</u></b>       |                                  |                                |                              |
| Federal Donated Commodities                            | 31,127                           | 0                              | 31,127                       |
| Operating Grants                                       | 132,756                          | 0                              | 132,756                      |
| Interest   | 6,031                            | 0                              | 6,031                        |
| Loss on Disposal of Fixed Assets                       | <u>(1,245)</u>                   | <u>0</u>                       | <u>(1,245)</u>               |
| Total Non-Operating Revenues (Expenses)                | <u>168,669</u>                   | <u>0</u>                       | <u>168,669</u>               |
| Net Income   | 51,108                           | 672                            | 51,780                       |
| Retained Earnings/Fund Balance at<br>Beginning of Year | <u>156,865</u>                   | <u>10,392</u>                  | <u>167,257</u>               |
| Retained Earnings/Fund Balance at<br>End of Year       | 207,973                          | 11,064                         | 219,037                      |
| Contributed Capital at Beginning<br>and End of Year    | <u>7,154</u>                     | <u>0</u>                       | <u>7,154</u>                 |
| <b>Total Fund Equity at End of Year</b>                | <b><u>\$215,127</u></b>          | <b><u>\$11,064</u></b>         | <b><u>\$226,191</u></b>      |

*See Accompanying Notes to the General Purpose Financial Statements*

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

|  | <b>Proprietary<br/>Fund Type</b> | <b>Fiduciary<br/>Fund Type</b> | <b>Totals</b>                |
|--|----------------------------------|--------------------------------|------------------------------|
|  | <b>Enterprise</b>                | <b>Nonexpendable<br/>Trust</b> | <b>(Memorandum<br/>Only)</b> |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>  |                                  |                                |                              |
| <b>Cash Flows from Operating Activities:</b>   |                                  |                                |                              |
| Cash Received from Customers   | \$229,039                        | \$0                            | \$229,039                    |
| Cash Received from Gifts and Donations   | 0                                | 750                            | 750                          |
| Cash Payments for Salaries   | (114,217)                        | 0                              | (114,217)                    |
| Cash Payments for Fringe Benefits  | (37,450)                         | 0                              | (37,450)                     |
| Cash Payments to Suppliers for Goods and Services  | (152,830)                        | 0                              | (152,830)                    |
| Cash Payments for Other Expenses   | (6,051)                          | (658)                          | (6,709)                      |
| Net Cash Provided by (Used for) Operating Activities   | (81,509)                         | 92                             | (81,417)                     |
| <b>Cash Flows from Capital and Related Financing Activities:</b>   |                                  |                                |                              |
| Cash Payments for Fixed Assets   | (45,875)                         | 0                              | (45,875)                     |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |                                  |                                |                              |
| Cash Received from Operating Grants  | 141,613                          | 0                              | 141,613                      |
| <b>Cash Flows from Investing Activities:</b>   |                                  |                                |                              |
| Cash Received from Interest  | 6,031                            | 400                            | 6,431                        |
| Net Increase in Cash and Cash Equivalents  | 20,260                           | 492                            | 20,752                       |
| Cash and Cash Equivalents at Beginning of Year   | 156,109                          | 10,258                         | 166,367                      |
| Cash and Cash Equivalents at End of Year   | \$176,369                        | \$10,750                       | \$187,119                    |
| <b>Reconciliation of Operating Income (Loss) to Net<br/>Cash Provided by (Used for) Operating Activities:</b>        |                                  |                                |                              |
| Operating Income (Loss)  | (\$117,561)                      | \$672                          | (\$116,889)                  |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net<br/>Cash Provided by (Used for) Operating Activities:</b> |                                  |                                |                              |
| Depreciation   | 5,674                            | 0                              | 5,674                        |
| Donated Commodities Used During Year   | 31,127                           | 0                              | 31,127                       |
| Interest Reported as Operating Income  | 0                                | (580)                          | (580)                        |
| <b>Changes in Assets and Liabilities:</b>  |                                  |                                |                              |
| Increase in Accounts Receivable  | (3,956)                          | 0                              | (3,956)                      |
| Increase in Intergovernmental Receivable   | (916)                            | 0                              | (916)                        |
| Increase in Prepaid Items  | (198)                            | 0                              | (198)                        |
| Increase in Materials and Supplies Inventory   | (259)                            | 0                              | (259)                        |
| Decrease in Inventory Held for Resale  | 1,708                            | 0                              | 1,708                        |
| Decrease in Accounts Payable   | (106)                            | 0                              | (106)                        |
| Increase in Accrued Wages and Benefits   | 349                              | 0                              | 349                          |
| Increase in Compensated Absences Payable   | 3,142                            | 0                              | 3,142                        |
| Decrease in Intergovernmental Payable  | (513)                            | 0                              | (513)                        |
| <b>Net Cash Provided by (Used for) Operating Activities</b>  | <b>(\$81,509)</b>                | <b>\$92</b>                    | <b>(\$81,417)</b>            |
| <b>Reconciliation of Nonexpendable Trust Fund Cash and Cash Equivalents to Balance Sheet:</b>                        |                                  |                                |                              |
| Cash and Cash Equivalents - All Fiduciary Fund Types   | \$48,876                         |                                |                              |
| Less Agency Funds  | (29,285)                         |                                |                              |
| Less Expendable Trust Fund   | (8,841)                          |                                |                              |
| <b>Cash and Cash Equivalents - Nonexpendable Trust Fund</b>  | <b>\$10,750</b>                  |                                |                              |

See Accompanying Notes to the General Purpose Financial Statements

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
- BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

|   | <u>Enterprise Funds</u>   |                  |   | <u>Nonexpendable Trust Fund</u> |                 |   |
|---|---------------------------|------------------|---|---------------------------------|-----------------|---|
|   | <u>Revised<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> | <u>Revised<br/>Budget</u>       | <u>Actual</u>   | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| <b>Revenues:</b>                            |                           |                  |   |                                 |                 |   |
| Sales                                       | \$193,610                 | \$202,020        | \$8,410   | \$0                             | \$0             | \$0   |
| Tuition                                     | 28,000                    | 27,019           | (981)   | 0                               | 0               | 0   |
| Interest                                    | 5,810                     | 6,031            | 221   | 350                             | 400             | 50  |
| Gifts and Donations                         | 0                         | 0                | 0   | 800                             | 750             | (50)  |
| Operating Grants                            | 111,471                   | 141,613          | 30,142  | 0                               | 0               | 0   |
| <b>Total Revenues</b>                       | <u>338,891</u>            | <u>376,683</u>   | <u>37,792</u>                                   | <u>1,150</u>                    | <u>1,150</u>    | <u>0</u>  |
| <b>Expenses:</b>                            |                           |                  |   |                                 |                 |   |
| Salaries                                    | 122,935                   | 114,217          | 8,718   | 0                               | 0               | 0   |
| Fringe Benefits                             | 42,517                    | 37,450           | 5,067   | 0                               | 0               | 0   |
| Purchased Services                          | 27,618                    | 22,872           | 4,746   | 0                               | 0               | 0   |
| Materials and Supplies                      | 142,851                   | 124,707          | 18,144  | 0                               | 0               | 0   |
| Capital Outlay                              | 107,120                   | 66,784           | 40,336  | 0                               | 0               | 0   |
| Other Expenses                              | 5,924                     | 6,051            | (127)   | 1,000                           | 658             | 342   |
| <b>Total Expenses</b>                       | <u>448,965</u>            | <u>372,081</u>   | <u>76,884</u>                                   | <u>1,000</u>                    | <u>658</u>      | <u>342</u>                                      |
| Excess of Revenues Over<br>(Under) Expenses | (110,074)                 | 4,602            | 114,676   | 150                             | 492             | 342   |
| Fund Balances at Beginning of Year          | 146,534                   | 146,534          | 0   | 10,258                          | 10,258          | 0   |
| Prior Year Encumbrances Appropriated        | 9,575                     | 9,575            | 0   | 0                               | 0               | 0   |
| <b>Fund Balances at End of Year</b>         | <u>\$46,035</u>           | <u>\$160,711</u> | <u>\$114,676</u>                                | <u>\$10,408</u>                 | <u>\$10,750</u> | <u>\$342</u>                                    |

See Accompanying Notes to the General Purpose Financial Statements



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1960 through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred eighty-two square miles. It is located in Auglaize, Mercer, and Van Wert Counties, and includes all of the Villages of Rockford, Willshire, and Mendon, and Blackcreek, Dublin, Hopewell, Liberty, Willshire, Salem, and Union Townships. The School District is the 458th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by forty-nine classified employees, eighty-one certified teaching personnel, and five administrative employees who provide services to 1,188 students and other community members. The School District currently operates three instructional buildings and three bus garages.

**Reporting Entity:**

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

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

The School District is associated with four jointly governed organizations, two insurance pools, and a related organization. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Vantage Career Center, the West Central Regional Professional Development Center, the West Central Ohio Special Education Regional Resource Center, the NOACSC Workers' Compensation Group Rating Plan, the Mercer Auglaize Employee Benefit Trust, and the Rockford Carnegie Public Library. These organizations are presented in Notes 19, 20, and 21 to the general purpose financial statements.

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

The financial statements of Parkway Local 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. Following are the more significant of the School District's accounting policies.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**A. Basis of Presentation - Fund Accounting**

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

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of 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 and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

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

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

**Proprietary Fund Type:**

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 is the School District's proprietary fund type:

**Enterprise Funds** - Enterprise funds are used to account for 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.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**A. Basis of Presentation - Fund Accounting (Continued)**

**Fiduciary Fund Types:**

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

**Account Groups:**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**B. Measurement Focus and Basis of Accounting (Continued)**

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

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

**C. Budgetary Process**

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

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

The Title VI-B special revenue fund is a flow through grant in which the Mercer County Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

**Tax Budget:**

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

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**C. Budgetary Process (Continued)**

**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 fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 2000.

**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 is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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

**Encumbrances:**

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**C. Budgetary Process (Continued)**

**Lapsing of Appropriations:**

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

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds 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.

Cash and cash equivalents held for the School District by Community First Bank, who services the School District's bond/coupon payments, are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2000, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

The School District has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2000 was \$132,613, which included \$17,923 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. Investments with an initial maturity of more than three months are reported as investments.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which the services are consumed.

**F. Inventory**

Inventory in the proprietary funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated and purchased food and is expensed when used.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

**H. 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 respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables".

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after twenty years of service with the School District; after fifteen years of service with the School District if they are forty-five years of age; or after ten years of service with the School District if they are fifty years of age.

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. The long-term loan is reported as a liability in the general long-term obligations account group until due.

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

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the 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 fiscal year end.

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

**M. Fund Balance Reserves and Designations**

The School District reserves those portions of fund equity which are legally segregated for a 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 have been established for property taxes, budget stabilization, bus purchase, contributions, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies legal restrictions on the use of principal in the nonexpendable trust fund.

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



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**N. Intergovernmental Revenues**

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

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

*Entitlements*

*General Fund*

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

*Special Revenue Funds*

- Textbook/Instructional Materials

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Professional Development
- Education Management Information System
- Public School Preschool
- SchoolNet Professional Development
- Ohio Reads
- Safe Schools
- Eisenhower
- Title VI-B

*Non-Reimbursable Grants (continued)*

*Special Revenue Funds (continued)*

- Title I
- Title VI
- Drug Free
- Title VI-R
- Continuous Improvement Development

*Capital Projects Funds*

- Vocational Education Equipment
- SchoolNet Plus
- Tech Equity
- Emergency Building Repair

*Reimbursable Grants*

*General Fund*

- Driver Education

*Special Revenue Fund*

- Telecommunications

*Enterprise Fund*

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements were 58 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**O. Interfund Transactions**

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

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

**P. Estimates**

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

**Q. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2000, the Public School Preschool, Title I, and Drug Free special revenue funds had deficit fund balances of \$5,027, \$14,601, and \$1,282, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Permanent Improvement capital projects fund had a deficit fund balance of \$53,770, which was caused by the requirement to report tax anticipation notes in the fund receiving the note proceeds. This deficit will be alleviated when the notes are paid.

**B. Compliance**

The Title I special revenue fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2000, in the amount of \$203.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Compliance (Continued)**

The following accounts had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2000:

|                                    | Appropriations | Expenditures<br>Plus<br>Encumbrances | Excess |
|------------------------------------|----------------|--------------------------------------|--------|
| General Fund                       |                |                                      |        |
| Operation and Maintenance of Plant |                |                                      |        |
| Fringe Benefits                    | \$61,350       | \$62,238                             | \$888  |
| Extracurricular Activities         |                |                                      |        |
| Salaries                           | 108,228        | 109,861                              | 1,633  |
| Enterprise Fund                    |                |                                      |        |
| Food Service                       |                |                                      |        |
| Other Expenses                     | 5,900          | 6,031                                | 131    |

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund and as note disclosure in the proprietary fund type and nonexpendable trust fund (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Title VI-B special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

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

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

|  | General          | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
|--|------------------|--------------------|-----------------|---------------------|
| GAAP Basis   | \$410,304        | \$44,074           | \$20,625        | (\$12,166)          |
| <u>Increase (Decrease) Due To:</u>                     |                  |                    |                 |                     |
| Revenue Accruals:                                      |                  |                    |                 |                     |
| Accrued FY 1999, Received in<br>Cash FY 2000           | 398,243          | 0                  | 0               | 0                   |
| Accrued FY 2000, Not Yet<br>Received in Cash           | (318,720)        | 0                  | 0               | (2,503)             |
| Expenditure Accruals:                                  |                  |                    |                 |                     |
| Accrued FY 1999, Paid in<br>Cash FY 2000               | (671,050)        | (32,252)           | 0               | 0                   |
| Accrued FY 2000, Not Yet<br>Paid in Cash               | 650,140          | 27,901             | 0               | 0                   |
| Prepaid Items  | (5,680)          | (376)              | 0               | 0                   |
| Proceeds of Notes                                      | \$0              | \$0                | \$0             | \$82,500            |
| Note Interest and Fiscal Charges                       | 0                | 0                  | 1,275           | 0                   |
| Advances In  | 33,044           | 2,996              | 0               | 0                   |
| Advances Out   | (2,996)          | (33,044)           | 0               | 0                   |
| Reallocation of Debt Activity                          | 0                | 0                  | (1,275)         | 1,275               |
| Encumbrances Outstanding<br>at Year End (Budget Basis) | (113,719)        | (27,628)           | 0               | (28,886)            |
| Budget Basis   | <u>\$379,566</u> | <u>(\$18,329)</u>  | <u>\$20,625</u> | <u>\$40,220</u>     |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Income/Excess of Revenues Over Expenses  
Proprietary Fund Type and Nonexpendable Trust Fund

|  | Proprietary<br>Fund Type | Nonexpendable<br>Trust |
|--|--------------------------|------------------------|
|  | Enterprise               |                        |
| GAAP Basis   | \$51,108                 | \$672                  |
| <u>Increase (Decrease) Due to:</u>                     |                          |                        |
| Revenue Accruals:                                      |                          |                        |
| Accrued FY 1999, Received in<br>Cash FY 2000           | 9,582                    | 134                    |
| Accrued FY 2000, Not Yet<br>Received in Cash           | (5,597)                  | (314)                  |
| Expense Accruals:                                      |                          |                        |
| Accrued FY 1999, Paid in<br>Cash FY 2000               | (41,658)                 | 0                      |
| Accrued FY 2000, Not Yet<br>Paid in Cash               | 44,530                   | 0                      |
| Prepaid Items  | (\$198)                  | \$0                    |
| Materials and Supplies Inventory                       | (259)                    | 0                      |
| Inventory Held for Resale                              | 1,708                    | 0                      |
| Acquisition of Fixed Assets                            | (45,875)                 | 0                      |
| Depreciation Expense                                   | 5,674                    | 0                      |
| Loss on Disposal of Fixed Assets                       | 1,245                    | 0                      |
| Encumbrances Outstanding<br>at Year End (Budget Basis) | (15,658)                 | 0                      |
| Budget Basis   | \$4,602                  | \$492                  |

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

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 or deposit accounts, including passbook accounts.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

At fiscal year end, the School District had \$4,128 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents". The School District had \$431 in cash and cash equivalents held by the Community First Bank, who services the School District's bond/coupon payments. This amount is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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

At fiscal year end, the carrying amount of the School District's deposits was \$1,791,833 and the bank balance was \$1,967,382. Of the bank balance, \$321,131 was covered by federal depository insurance \$1,111,750 was covered by pledged collateral and \$534,501 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District's agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the 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 or agent but not in the School District's name. The School District's investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2000, the fair value of funds on deposit with STAR Ohio was \$563,463.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

|                      | Cash and Cash<br>Equivalents/Deposits | Investments |
|----------------------|---------------------------------------|-------------|
| GASB Statement No. 9 | \$2,359,424                           | \$0         |
| Cash on Hand         | (4,128)                               | 0           |
| Investments:         |                                       |             |
| STAR Ohio            | (563,463)                             | 563,463     |
| GASB Statement No. 3 | \$1,791,833                           | \$563,463   |

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following 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 and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes.

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

Real property taxes were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Auglaize, Mercer, and Van Wert 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 Counties 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, public utility property, and tangible personal property taxes which were 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 at June 30, 2000, was \$22,692 in the General Fund and \$1,228 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1999, was \$20,347 in the General Fund.

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

|                          | 1999 Second-<br>Half Collections |                | 2000 First-<br>Half Collections |                |
|--------------------------|----------------------------------|----------------|---------------------------------|----------------|
|                          | Amount                           | Percent        | Amount                          | Percent        |
| Agricultural/Residential | \$55,271,880                     | 79.80%         | \$71,601,250                    | 84.00%         |
| Industrial/Commercial    | 4,334,690                        | 6.30           | 4,374,290                       | 5.10           |
| Public Utility           | 5,535,320                        | 8.00           | 5,421,320                       | 6.40           |
| Tangible Personal        | 4,088,370                        | 5.90           | 3,794,840                       | 4.50           |
| Total Assessed Value     | <u>\$69,230,260</u>              | <u>100.00%</u> | <u>\$85,191,700</u>             | <u>100.00%</u> |

Tax rate per \$1,000 of assessed valuation

\$34.17

\$35.67

During fiscal year 2000, the School District passed a 1.5 mill permanent improvement levy for a five year period.



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 7 - INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Accounts receivable at June 30 were \$10,918.

A summary of the principal items of intergovernmental receivables follows:

|                              | Amounts |
|------------------------------|---------|
| General Fund                 |         |
| Driver Education             | \$2,300 |
| Celina City Schools District | 32      |
| Total General Fund           | 2,332   |
| Enterprise Fund              |         |
| Food Service                 |         |
| Celina City School District  | 916     |
| Total                        | \$3,248 |

**NOTE 9 - FIXED ASSETS**

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

|                               |           |
|-------------------------------|-----------|
| Furniture and Equipment       | \$149,373 |
| Less Accumulated Depreciation | (77,984)  |
| Net Fixed Assets              | \$71,389  |

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

| Asset Category                        | Balance at<br>6/30/99 | Additions | Reductions | Balance at<br>6/30/00 |
|---------------------------------------|-----------------------|-----------|------------|-----------------------|
| Land and Improvements                 | \$287,080             | \$96,640  | \$0        | \$383,720             |
| Buildings and Improvements            | 4,157,980             | 9,217     | 0          | 4,167,197             |
| Furniture, Fixtures, and<br>Equipment | 1,408,486             | 49,100    | 3,087      | 1,454,499             |
| Vehicles                              | 863,980               | 173,425   | 86,007     | 951,398               |
| Totals                                | \$6,717,526           | \$328,382 | \$89,094   | \$6,956,814           |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 10 - INTERFUND ASSETS/LIABILITIES**

At June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

| Fund Type/Fund              | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------------|-------------------------|----------------------|
| General Fund                | \$7,996                 | \$0                  |
| Special Revenue Funds       |                         |                      |
| Athletic                    | 0                       | 5,000                |
| Drug Free                   | 0                       | 2,996                |
| Total Special Revenue Funds | 0                       | 7,996                |
| Total All Funds             | <u>\$7,996</u>          | <u>\$7,996</u>       |

**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted for the following insurance coverages.

Coverages provided by Indiana Insurance are as follows:

|   |              |
|---|--------------|
| Building and Contents - replacement cost (\$500 deductible) | \$22,798,291 |
| Boiler and Machinery  | 10,742,500   |
| Inland Marine Coverage (\$100 deductible)                   | 788,585      |

Coverages provided by Nationwide/Wausau Insurance are as follows:

|                     |           |
|---------------------|-----------|
| Vehicle Liability   | 2,000,000 |
| Uninsured Motorists | 2,000,000 |
| General Liability   |           |
| Per Occurrence      | 2,000,000 |
| Total per Year      | 5,000,000 |
| Umbrella Liability  |           |
| Per Occurrence      | 2,000,000 |
| Total per Year      | 2,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Mercer Auglaize Employee Benefit Trust (the Trust)(Note 19), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical, prescription drug, and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 11 - RISK MANAGEMENT (Continued)**

For fiscal year 2000, the School District participated in NOACSC Workers' Compensation Group Rating Plan (the Plan)(Note 19), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premiums to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to members that can meet the Plan's selection criteria. The members apply for participation each year. The firm of Acordia Workers' Compensation Services provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$191,336, \$182,708, and \$312,509, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$32,767, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$42,464, \$55,725, and \$67,826, respectively; 42 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$24,802, is recorded as a liability within the respective funds and the general long-term obligations account group.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Social Security System**

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

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$255,115 for fiscal year 2000.

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

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$86,998 for fiscal year 2000.

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is 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 administrators and classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-five days for all personnel. Upon retirement, payment is made for one-fourth of one hundred ninety days of accrued, but unused sick leave credit, plus one additional day for each year of service in excess of twenty years, to a maximum of sixty days.

**B. Health Care Benefits**

The School District provides medical, prescription drug, and dental insurance to employees through the Mercer Auglaize Employee Benefit Trust. The premium varies with each employee depending on marital and family status. The School District provides life insurance to employees through CoreSource.

**NOTE 15 - NOTES PAYABLE**

On February 3, 2000, the School District issued tax anticipation notes, in the amount of \$82,500, to acquire land. The notes have an interest rate of 4.75 percent. The notes mature on December 1, 2001, and are being repaid from a portion of a 1.5 mill permanent improvement levy. Principal and interest requirements to retire the tax anticipation notes are as follows:

| Fiscal year<br>Ending June 30, | Principal       | Interest       | Total           |
|--------------------------------|-----------------|----------------|-----------------|
| 2001                           | \$41,250        | \$977          | \$42,227        |
| 2002                           | 41,250          | 982            | 42,232          |
| Total                          | <u>\$82,500</u> | <u>\$1,959</u> | <u>\$84,459</u> |

**NOTE 16 - LONG-TERM OBLIGATIONS**

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

|                                     | Balance at<br>6/30/99 | Additions       | Reductions      | Balance at<br>6/30/00 |
|-------------------------------------|-----------------------|-----------------|-----------------|-----------------------|
| 1992 Asbestos Removal Loan Payable  | \$16,164              | \$0             | \$5,000         | \$11,164              |
| Compensated Absences Payable        | 308,740               | 40,887          | 0               | 349,627               |
| Intergovernmental Payable           | 49,408                | 56,195          | 49,408          | 56,195                |
| Total General Long-Term Obligations | <u>\$374,312</u>      | <u>\$97,082</u> | <u>\$54,408</u> | <u>\$416,986</u>      |

1992 Asbestos Removal Loan - In fiscal year 1992, the School District obtained an interest free loan, in the amount of \$53,664, for asbestos removal. The loan was issued for a ten year period with final maturity in fiscal year 2002. The loan is being retired through the Bond Retirement debt service fund.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The School District's overall debt margin was \$7,608,755 with an unvoted debt margin of \$85,192 at June 30, 2000.

At June 30, 2000, principal requirements to retire the asbestos removal loan were as follows:

| Fiscal Year<br>Ending June 30, | Asbestos Removal<br>Loan |
|--------------------------------|--------------------------|
| 2001                           | \$5,000                  |
| 2002                           | 6,164                    |
| Total                          | \$11,164                 |

**NOTE 17 - RESERVATIONS OF FUND BALANCE**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000. Disclosure of this information is required by State statute.

|  | Textbooks  | Capital<br>Improvements | Budget<br>Stabilization |
|--|------------|-------------------------|-------------------------|
| Balance June 30, 1999                          | \$0        | \$0                     | \$70,796                |
| Current Year Set Aside Requirement             | 153,940    | 153,940                 | 50,972                  |
| Current Year Offset                            | 0          | 0                       | (22,091)                |
| Qualifying Expenditures                        | (164,662)  | (195,434)               | 0                       |
| Balance Carried Forward to Fiscal<br>Year 2001 | (\$10,722) | (\$41,494)              | \$99,677                |
| Reserve Balance June 30, 2000                  | \$0        | \$0                     | \$99,677                |

The School District had qualifying expenditures during the fiscal year that reduced the textbook and capital improvements set aside amounts below zero. These amounts may be used to reduce the set aside requirement in future fiscal years. The total reserve balance at the end of fiscal year 2000 was \$99,677.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

|  | Food Service | Preschool | Total     |
|--|--------------|-----------|-----------|
| Operating Revenues                                     | \$206,892    | \$27,019  | \$233,911 |
| Depreciation Expense                                   | (5,674)      | 0         | (5,674)   |
| Operating Loss   | (115,314)    | (2,247)   | (117,561) |
| Federal Donated Commodities                            | 31,127       | 0         | 31,127    |
| Operating Grants                                       | 132,756      | 0         | 132,756   |
| Net Income (Loss)                                      | 53,355       | (2,247)   | 51,108    |
| Fixed Asset Additions                                  | 45,875       | 0         | 45,875    |
| Fixed Asset Reductions                                 | 12,449       | 0         | 12,449    |
| Net Working Capital                                    | 157,625      | 1,384     | 159,009   |
| Total Assets   | 255,125      | 10,455    | 265,580   |
| Total Equity   | 213,743      | 1,384     | 215,127   |
| Encumbrances Outstanding<br>at Year End (Budget Basis) | (15,248)     | (410)     | (15,658)  |

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

**B. Vantage Career Center**

The Vantage Career Center is a distinct political subdivision of the State of Ohio which provides vocational instruction to students. The Career Center is operated under the direction of a Board consisting of eleven members, one member each from the Mercer and Putnam County Educational Service Centers, two members each from the Paulding and Van Wert County Educational Service Centers, three members from the Paulding Exempted Village Board of Education, and two members from the Van Wert City Board of Education. The degree of control exercised by the School District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, Julie Mohr, who serves as Treasurer, 818 North Franklin, Van Wert, Ohio 45891-1304.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. West Central Regional Professional Development Center**

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups

cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**D. West Central Ohio Special Education Regional Resource Center**

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

**NOTE 20 - INSURANCE POOLS**

**A. NOACSC 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 NOACSC Workers' Compensation Group Rating Plan (the Plan) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool. The Safety Coordinator, Robert Lotz, of NOACSC, or his designee, serves as coordinator of the Plan. Each year, the participating members pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Mercer Auglaize Employee Benefit Trust**

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, prescription drug, and dental benefits to the employees of the participants. Each participants' superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler; Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**NOTE 21 - RELATED ORGANIZATION**

**Rockford Carnegie Public Library**

The Rockford Carnegie Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The library is governed by a Board of Trustees, appointed by the Parkway Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Rockford Carnegie Public Library, Robert Maurer, Clerk/Treasurer, 162 South Main Street, Rockford, Ohio 45882.

**NOTE 22 - 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 the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,744,419 in school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio 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 Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme 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 Ohio 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 Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme 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.

**NOTE 23 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999**

|   | Governmental Fund Types |                    |                 |                     |
|---|-------------------------|--------------------|-----------------|---------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
| <b><u>Assets and Other Debits:</u></b>  |                         |                    |                 |                     |
| <b><u>Assets:</u></b>   |                         |                    |                 |                     |
| Equity in Pooled Cash and Cash Equivalents                                      | \$1,297,040             | \$122,310          | \$3,377         | \$11,301            |
| Cash and Cash Equivalents with Fiscal Agent                                     | 0                       | 0                  | 431             | 0                   |
| Receivables:  |                         |                    |                 |                     |
| Property Taxes  | 1,816,065               | 0                  | 0               | 0                   |
| Income Taxes  | 323,255                 | 0                  | 0               | 0                   |
| Accounts  | 56,942                  | 0                  | 0               | 0                   |
| Intergovernmental   | 890                     | 0                  | 0               | 0                   |
| Accrued Interest  | 1,881                   | 0                  | 0               | 0                   |
| Interfund   | 38,044                  | 0                  | 0               | 0                   |
| Prepaid Items   | 46,322                  | 164                | 0               | 0                   |
| Materials and Supplies Inventory  | 0                       | 0                  | 0               | 0                   |
| Inventory Held for Resale   | 0                       | 0                  | 0               | 0                   |
| Restricted Assets:  |                         |                    |                 |                     |
| Equity in Pooled Cash and Cash Equivalents                                      | 107,405                 | 0                  | 0               | 0                   |
| Fixed Assets (net, where applicable, of accumulated depreciation)               | 0                       | 0                  | 0               | 0                   |
| <b><u>Other Debits:</u></b>   |                         |                    |                 |                     |
| Amount Available in Debt Service Fund for Retirement of General Obligation Debt | 0                       | 0                  | 0               | 0                   |
| Amount to be Provided from General Governmental Resources                       | 0                       | 0                  | 0               | 0                   |
| <b>Total Assets and Other Debits</b>  | <b>\$3,687,844</b>      | <b>\$122,474</b>   | <b>\$3,808</b>  | <b>\$11,301</b>     |
| <b><u>Liabilities, Fund Equity, and Other Credits:</u></b>                      |                         |                    |                 |                     |
| <b><u>Liabilities:</u></b>  |                         |                    |                 |                     |
| Accounts Payable  | \$27,675                | \$12,443           | \$0             | \$0                 |
| Accrued Wages and Benefits  | 496,821                 | 19,319             | 0               | 0                   |
| Compensated Absences Payable  | 39,038                  | 0                  | 0               | 0                   |
| Intergovernmental Payable   | 107,516                 | 490                | 0               | 0                   |
| Interfund Payable   | 0                       | 38,044             | 0               | 0                   |
| Deferred Revenue  | 1,800,790               | 0                  | 0               | 0                   |
| Undistributed Assets  | 0                       | 0                  | 0               | 0                   |
| Due to Students   | 0                       | 0                  | 0               | 0                   |
| Matured Interest Payable  | 0                       | 0                  | 431             | 0                   |
| Asbestos Removal Loan Payable   | 0                       | 0                  | 0               | 0                   |
| <b>Total Liabilities</b>  | <b>2,471,840</b>        | <b>70,296</b>      | <b>431</b>      | <b>0</b>            |
| <b><u>Fund Equity and Other Credits:</u></b>                                    |                         |                    |                 |                     |
| Investment in General Fixed Assets  | 0                       | 0                  | 0               | 0                   |
| Contributed Capital   | 0                       | 0                  | 0               | 0                   |
| Retained Earnings:  |                         |                    |                 |                     |
| Unreserved  | 0                       | 0                  | 0               | 0                   |
| Fund Balance:   |                         |                    |                 |                     |
| Reserved for Property Taxes   | 20,347                  | 0                  | 0               | 0                   |
| Reserved for Budget Stabilization   | 70,796                  | 0                  | 0               | 0                   |
| Reserved for Bus Purchase   | 36,609                  | 0                  | 0               | 0                   |
| Reserved for Contributions  | 0                       | 0                  | 0               | 0                   |
| Reserved for Encumbrances   | 140,236                 | 18,862             | 0               | 0                   |
| Unreserved  | 948,016                 | 33,316             | 3,377           | 11,301              |
| <b>Total Fund Equity and Other Credits</b>                                      | <b>1,216,004</b>        | <b>52,178</b>      | <b>3,377</b>    | <b>11,301</b>       |
| <b>Total Liabilities, Fund Equity, and Other Credits</b>                        | <b>\$3,687,844</b>      | <b>\$122,474</b>   | <b>\$3,808</b>  | <b>\$11,301</b>     |

See Accompanying Notes to the General Purpose Financial Statements

| Proprietary<br>Fund Type | Fiduciary<br>Fund Types | Account Groups             |                                     | Totals<br>(Memorandum<br>Only) |
|--------------------------|-------------------------|----------------------------|-------------------------------------|--------------------------------|
|                          |                         | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations |                                |
| Enterprise               | Trust and<br>Agency     |                            |                                     |                                |
| \$156,109                | \$45,752                | \$0                        | \$0                                 | \$1,635,889                    |
| 0                        | 0                       | 0                          | 0                                   | 431                            |
| 0                        | 0                       | 0                          | 0                                   | 1,816,065                      |
| 0                        | 0                       | 0                          | 0                                   | 323,255                        |
| 725                      | 0                       | 0                          | 0                                   | 57,667                         |
| 8,857                    | 0                       | 0                          | 0                                   | 9,747                          |
| 0                        | 134                     | 0                          | 0                                   | 2,015                          |
| 0                        | 0                       | 0                          | 0                                   | 38,044                         |
| 1,711                    | 0                       | 0                          | 0                                   | 48,197                         |
| 841                      | 0                       | 0                          | 0                                   | 841                            |
| 14,515                   | 0                       | 0                          | 0                                   | 14,515                         |
| 0                        | 0                       | 0                          | 0                                   | 107,405                        |
| 32,433                   | 0                       | 6,717,526                  | 0                                   | 6,749,959                      |
| 0                        | 0                       | 0                          | 3,377                               | 3,377                          |
| 0                        | 0                       | 0                          | 370,935                             | 370,935                        |
| <u>\$215,191</u>         | <u>\$45,886</u>         | <u>\$6,717,526</u>         | <u>\$374,312</u>                    | <u>\$11,178,342</u>            |
| \$106                    | \$0                     | \$0                        | \$0                                 | \$40,224                       |
| 15,070                   | 0                       | 0                          | 0                                   | 531,210                        |
| 12,128                   | 0                       | 0                          | 308,740                             | 359,906                        |
| 14,354                   | 0                       | 0                          | 49,408                              | 171,768                        |
| 0                        | 0                       | 0                          | 0                                   | 38,044                         |
| 9,514                    | 0                       | 0                          | 0                                   | 1,810,304                      |
| 0                        | 3,566                   | 0                          | 0                                   | 3,566                          |
| 0                        | 25,725                  | 0                          | 0                                   | 25,725                         |
| 0                        | 0                       | 0                          | 0                                   | 431                            |
| 0                        | 0                       | 0                          | 16,164                              | 16,164                         |
| <u>51,172</u>            | <u>29,291</u>           | <u>0</u>                   | <u>374,312</u>                      | <u>2,997,342</u>               |
| 0                        | 0                       | 6,717,526                  | 0                                   | 6,717,526                      |
| 7,154                    | 0                       | 0                          | 0                                   | 7,154                          |
| 156,865                  | 0                       | 0                          | 0                                   | 156,865                        |
| 0                        | 0                       | 0                          | 0                                   | 20,347                         |
| 0                        | 0                       | 0                          | 0                                   | 70,796                         |
| 0                        | 0                       | 0                          | 0                                   | 36,609                         |
| 0                        | 1,200                   | 0                          | 0                                   | 1,200                          |
| 0                        | 0                       | 0                          | 0                                   | 159,098                        |
| 0                        | 15,395                  | 0                          | 0                                   | 1,011,405                      |
| <u>164,019</u>           | <u>16,595</u>           | <u>6,717,526</u>           | <u>0</u>                            | <u>8,181,000</u>               |
| <u>\$215,191</u>         | <u>\$45,886</u>         | <u>\$6,717,526</u>         | <u>\$374,312</u>                    | <u>\$11,178,342</u>            |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | <u>Governmental Fund Types</u> |                            |                         | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |                             |
|---|--------------------------------|----------------------------|-------------------------|--------------------------------|---|-----------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u>    |   | <u>Expendable<br/>Trust</u> |
| <b>Revenues:</b>  |                                |                            |                         |                                |   |                             |
| Property Taxes  | \$1,731,778                    | \$0                        | \$0                     | \$0                            | \$0                                     | \$1,731,778                 |
| Income Taxes  | 852,036                        | 0                          | 0                       | 0                              | 0                                       | 852,036                     |
| Intergovernmental   | 3,923,182                      | 247,535                    | 0                       | 608,633                        | 0                                       | 4,779,350                   |
| Interest  | 97,460                         | 0                          | 0                       | 0                              | 1,745                                   | 99,205                      |
| Tuition and Fees  | 60,598                         | 0                          | 0                       | 0                              | 0                                       | 60,598                      |
| Rent  | 5,349                          | 0                          | 0                       | 0                              | 0                                       | 5,349                       |
| Extracurricular Activities  | 0                              | 257,512                    | 0                       | 0                              | 0                                       | 257,512                     |
| Gifts and Donations   | 689                            | 8,626                      | 0                       | 5,500                          | 4,458                                   | 19,273                      |
| Miscellaneous   | 56,197                         | 0                          | 0                       | 0                              | 0                                       | 56,197                      |
| <b>Total Revenues</b>   | <b>6,727,289</b>               | <b>513,673</b>             | <b>0</b>                | <b>614,133</b>                 | <b>6,203</b>                            | <b>7,861,298</b>            |
| <b>Expenditures:</b>  |                                |                            |                         |                                |   |                             |
| Current:  |                                |                            |                         |                                |   |                             |
| Instruction:  |                                |                            |                         |                                |   |                             |
| Regular   | 2,897,341                      | 72,365                     | 0                       | 292                            | 0                                       | 2,969,998                   |
| Special   | 274,895                        | 176,862                    | 0                       | 0                              | 0                                       | 451,757                     |
| Vocational  | 166,566                        | 0                          | 0                       | 0                              | 0                                       | 166,566                     |
| Other   | 5,379                          | 0                          | 0                       | 0                              | 0                                       | 5,379                       |
| Support Services:   |                                |                            |                         |                                |   |                             |
| Pupils  | 154,854                        | 739                        | 0                       | 0                              | 0                                       | 155,593                     |
| Instructional Staff   | 289,557                        | 16,893                     | 0                       | 1,500                          | 0                                       | 307,950                     |
| Board of Education  | 7,025                          | 0                          | 0                       | 0                              | 0                                       | 7,025                       |
| Administration  | 817,118                        | 106,448                    | 0                       | 0                              | 0                                       | 923,566                     |
| Fiscal  | 169,304                        | 707                        | 0                       | 0                              | 0                                       | 170,011                     |
| Operation and Maintenance of Plant  | 700,426                        | 1,713                      | 0                       | 43,422                         | 0                                       | 745,561                     |
| Pupil Transportation  | 424,006                        | 114                        | 0                       | 0                              | 0                                       | 424,120                     |
| Central   | 21,731                         | 5,225                      | 0                       | 8,044                          | 0                                       | 35,000                      |
| Extracurricular Activities  | 121,020                        | 156,527                    | 0                       | 0                              | 0                                       | 277,547                     |
| Non-Instructional Services  | 0                              | 0                          | 0                       | 0                              | 2,400                                   | 2,400                       |
| Capital Outlay  | 6,000                          | 0                          | 0                       | 565,210                        | 0                                       | 571,210                     |
| Debt Service:   |                                |                            |                         |                                |   |                             |
| Principal Retirement  | 0                              | 0                          | 5,000                   | 0                              | 0                                       | 5,000                       |
| <b>Total Expenditures</b>   | <b>6,055,222</b>               | <b>537,593</b>             | <b>5,000</b>            | <b>618,468</b>                 | <b>2,400</b>                            | <b>7,218,683</b>            |
| Excess of Revenues Over<br>(Under) Expenditures   | 672,067                        | (23,920)                   | (5,000)                 | (4,335)                        | 3,803                                   | 642,615                     |
| <b>Other Financing Sources (Uses):</b>  |                                |                            |                         |                                |   |                             |
| Proceeds from Sale of Fixed Assets  | 2,525                          | 0                          | 0                       | 0                              | 0                                       | 2,525                       |
| Operating Transfers In  | 0                              | 0                          | 5,000                   | 0                              | 0                                       | 5,000                       |
| Operating Transfers Out   | (5,000)                        | 0                          | 0                       | 0                              | 0                                       | (5,000)                     |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(2,475)</b>                 | <b>0</b>                   | <b>5,000</b>            | <b>0</b>                       | <b>0</b>                                | <b>2,525</b>                |
| Excess of Revenues and Other Financing<br>Sources Over (Under) Expenditures<br>and Other Financing Uses | 669,592                        | (23,920)                   | 0                       | (4,335)                        | 3,803                                   | 645,140                     |
| Fund Balances at Beginning of Year  | 546,412                        | 76,098                     | 3,377                   | 15,636                         | 2,400                                   | 643,923                     |
| <b>Fund Balances at End of Year</b>   | <b>\$1,216,004</b>             | <b>\$52,178</b>            | <b>\$3,377</b>          | <b>\$11,301</b>                | <b>\$6,203</b>                          | <b>\$1,289,063</b>          |

See Accompanying Notes to the General Purpose Financial Statements

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**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

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

|   | General Fund      |                    |  | Special Revenue Funds |                 |  |
|---|-------------------|--------------------|--|-----------------------|-----------------|--|
|   | Revised<br>Budget | Actual             | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget     | Actual          | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                   |                    |  |                       |                 |  |
| Property Taxes  | \$1,693,480       | \$1,725,656        | \$32,176                               | \$0                   | \$0             | \$0                                    |
| Income Taxes  | 833,423           | 833,423            | 0                                      | 0                     | 0               | 0                                      |
| Intergovernmental   | 3,915,189         | 3,922,582          | 7,393                                  | 206,654               | 170,493         | (36,161)                               |
| Interest  | 93,000            | 97,396             | 4,396                                  | 0                     | 0               | 0                                      |
| Tuition and Fees  | 58,346            | 60,789             | 2,443                                  | 0                     | 0               | 0                                      |
| Rent  | 5,348             | 5,348              | 0                                      | 0                     | 0               | 0                                      |
| Extracurricular Activities  | 0                 | 0                  | 0                                      | 264,290               | 257,505         | (6,785)                                |
| Gifts and Donations   | 500               | 689                | 189                                    | 8,459                 | 8,626           | 167                                    |
| Miscellaneous   | 3,442             | 3,518              | 76                                     | 0                     | 0               | 0                                      |
| <b>Total Revenues</b>   | <b>6,602,728</b>  | <b>6,649,401</b>   | <b>46,673</b>                          | <b>479,403</b>        | <b>436,624</b>  | <b>(42,779)</b>                        |
| <b>Expenditures:</b>  |                   |                    |  |                       |                 |  |
| Current:  |                   |                    |  |                       |                 |  |
| Instruction:  |                   |                    |  |                       |                 |  |
| Regular   | 3,129,918         | 2,946,972          | 182,946                                | 93,827                | 77,921          | 15,906                                 |
| Special   | 334,114           | 306,979            | 27,135                                 | 102,460               | 97,514          | 4,946                                  |
| Vocational  | 188,221           | 168,188            | 20,033                                 | 0                     | 0               | 0                                      |
| Adult/Continuing  | 260               | 0                  | 260                                    | 0                     | 0               | 0                                      |
| Other   | 8,022             | 5,379              | 2,643                                  | 0                     | 0               | 0                                      |
| Support Services:   |                   |                    |  |                       |                 |  |
| Pupils  | 157,674           | 152,737            | 4,937                                  | 828                   | 739             | 89                                     |
| Instructional Staff   | 298,112           | 285,029            | 13,083                                 | 18,916                | 16,755          | 2,161                                  |
| Board of Education  | 10,883            | 7,039              | 3,844                                  | 0                     | 0               | 0                                      |
| Administration  | 849,648           | 801,798            | 47,850                                 | 119,278               | 108,889         | 10,389                                 |
| Fiscal  | 200,828           | 192,920            | 7,908                                  | 1,420                 | 707             | 713                                    |
| Operation and Maintenance of Plant  | 815,494           | 719,801            | 95,693                                 | 1,713                 | 1,713           | 0                                      |
| Pupil Transportation  | 466,545           | 421,996            | 44,549                                 | 150                   | 114             | 36                                     |
| Central   | 39,558            | 23,969             | 15,589                                 | 5,500                 | 5,324           | 176                                    |
| Extracurricular Activities  | 145,887           | 121,222            | 24,665                                 | 185,086               | 171,103         | 13,983                                 |
| Non-Instructional Services  | 0                 | 0                  | 0                                      | 0                     | 0               | 0                                      |
| Capital Outlay  | 5,500             | 6,000              | (500)                                  | 0                     | 0               | 0                                      |
| Debt Service:   |                   |                    |  |                       |                 |  |
| Principal Retirement  | 0                 | 0                  | 0                                      | 0                     | 0               | 0                                      |
| <b>Total Expenditures</b>   | <b>6,650,664</b>  | <b>6,160,029</b>   | <b>490,635</b>                         | <b>529,178</b>        | <b>480,779</b>  | <b>48,399</b>                          |
| Excess of Revenues Over<br>(Under) Expenditures   | (47,936)          | 489,372            | 537,308                                | (49,775)              | (44,155)        | 5,620                                  |
| <b>Other Financing Sources (Uses):</b>  |                   |                    |  |                       |                 |  |
| Proceeds from Sale of Fixed Assets  | 2,525             | 2,525              | 0                                      | 0                     | 0               | 0                                      |
| Refund of Prior Year Expenditures   | 547               | 888                | 341                                    | 0                     | 12              | 12                                     |
| Refund of Prior Year Receipts   | 0                 | 0                  | 0                                      | (4)                   | (4)             | 0                                      |
| Advances In   | 22,524            | 12,524             | (10,000)                               | 28,044                | 33,044          | 5,000                                  |
| Advances Out  | (33,044)          | (33,044)           | 0                                      | (32,524)              | (12,524)        | 20,000                                 |
| Operating Transfers In  | 0                 | 0                  | 0                                      | 0                     | 0               | 0                                      |
| Operating Transfers Out   | (5,000)           | (5,000)            | 0                                      | 0                     | 0               | 0                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(12,448)</b>   | <b>(22,107)</b>    | <b>(9,659)</b>                         | <b>(4,484)</b>        | <b>20,528</b>   | <b>25,012</b>                          |
| Excess of Revenues and Other Financing<br>Sources Over (Under) Expenditures<br>and Other Financing Uses | (60,384)          | 467,265            | 527,649                                | (54,259)              | (23,627)        | 30,632                                 |
| Fund Balances at Beginning of Year  | 617,880           | 617,880            | 0                                      | 82,926                | 82,926          | 0                                      |
| Prior Year Encumbrances Appropriated  | 168,234           | 168,234            | 0                                      | 31,791                | 31,791          | 0                                      |
| <b>Fund Balances at End of Year</b>   | <b>\$725,730</b>  | <b>\$1,253,379</b> | <b>\$527,649</b>                       | <b>\$60,458</b>       | <b>\$91,090</b> | <b>\$30,632</b>                        |

See Accompanying Notes to the General Purpose Financial Statements

| Debt Service Fund |         |                                  | Capital Projects Funds |          |                                  | Expendable Trust Fund |         |                                  |
|-------------------|---------|----------------------------------|------------------------|----------|----------------------------------|-----------------------|---------|----------------------------------|
| Revised Budget    | Actual  | Variance Favorable (Unfavorable) | Revised Budget         | Actual   | Variance Favorable (Unfavorable) | Revised Budget        | Actual  | Variance Favorable (Unfavorable) |
| \$0               | \$0     | \$0                              | \$0                    | \$0      | \$0                              | \$0                   | \$0     | \$0                              |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 679,935                | 608,633  | (71,302)                         | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 1,750                 | 1,745   | (5)                              |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 5,500                  | 5,500    | 0                                | 4,250                 | 4,458   | 208                              |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 685,435                | 614,133  | (71,302)                         | 6,000                 | 6,203   | 203                              |
| 0                 | 0       | 0                                | 182,183                | 165,080  | 17,103                           | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 1,500                  | 1,500    | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 493,844                | 443,844  | 50,000                           | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 8,044                  | 8,044    | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 2,400                 | 2,400   | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 5,000             | 5,000   | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 5,000             | 5,000   | 0                                | 685,571                | 618,468  | 67,103                           | 2,400                 | 2,400   | 0                                |
| (5,000)           | (5,000) | 0                                | (136)                  | (4,335)  | (4,199)                          | 3,600                 | 3,803   | 203                              |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 5,000             | 5,000   | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 5,000             | 5,000   | 0                                | 0                      | 0        | 0                                | 0                     | 0       | 0                                |
| 0                 | 0       | 0                                | (136)                  | (4,335)  | (4,199)                          | 3,600                 | 3,803   | 203                              |
| 3,377             | 3,377   | 0                                | 14,136                 | 14,136   | 0                                | 2,400                 | 2,400   | 0                                |
| 0                 | 0       | 0                                | 1,500                  | 1,500    | 0                                | 0                     | 0       | 0                                |
| \$3,377           | \$3,377 | \$0                              | \$15,500               | \$11,301 | (\$4,199)                        | \$6,000               | \$6,203 | \$203                            |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|----------------------------------|--------------------------------|---|
|  | <u>Enterprise</u>                | <u>Nonexpendable<br/>Trust</u> |   |
| <b><u>Operating Revenues:</u></b>                      |                                  |                                |   |
| Sales  | \$196,562                        | \$0                            | \$196,562                               |
| Tuition  | 23,456                           | 0                              | 23,456                                  |
| Interest   | 0                                | 379                            | 379                                     |
| Gifts and Donations                                    | 0                                | 2,675                          | 2,675                                   |
| Other Revenues   | 28                               | 0                              | 28                                      |
| Total Operating Revenues                               | <u>220,046</u>                   | <u>3,054</u>                   | <u>223,100</u>                          |
| <b><u>Operating Expenses:</u></b>                      |                                  |                                |   |
| Salaries   | 111,903                          | 0                              | 111,903                                 |
| Fringe Benefits  | 46,472                           | 0                              | 46,472                                  |
| Purchased Services                                     | 12,188                           | 0                              | 12,188                                  |
| Materials and Supplies                                 | 9,623                            | 0                              | 9,623                                   |
| Cost of Sales  | 128,497                          | 0                              | 128,497                                 |
| Depreciation   | 2,356                            | 0                              | 2,356                                   |
| Other Expenses   | 1,957                            | 505                            | 2,462                                   |
| Total Operating Expenses                               | <u>312,996</u>                   | <u>505</u>                     | <u>313,501</u>                          |
| Operating Income (Loss)                                | <u>(92,950)</u>                  | <u>2,549</u>                   | <u>(90,401)</u>                         |
| <b><u>Non-Operating Revenues (Expenses):</u></b>       |                                  |                                |   |
| Federal Donated Commodities                            | 29,994                           | 0                              | 29,994                                  |
| Operating Grants                                       | 103,071                          | 0                              | 103,071                                 |
| Interest   | 1,937                            | 0                              | 1,937                                   |
| Loss on Disposal of Fixed Assets                       | (161)                            | 0                              | (161)                                   |
| Total Non-Operating Revenues (Expenses)                | <u>134,841</u>                   | <u>0</u>                       | <u>134,841</u>                          |
| Net Income   | 41,891                           | 2,549                          | 44,440                                  |
| Retained Earnings/Fund Balance at<br>Beginning of Year | <u>114,974</u>                   | <u>7,843</u>                   | <u>122,817</u>                          |
| Retained Earnings/Fund Balance at<br>End of Year       | 156,865                          | 10,392                         | 167,257                                 |
| Contributed Capital at Beginning<br>and End of Year    | <u>7,154</u>                     | <u>0</u>                       | <u>7,154</u>                            |
| <b>Total Fund Equity at End of Year</b>                | <b><u>\$164,019</u></b>          | <b><u>\$10,392</u></b>         | <b><u>\$174,411</u></b>                 |

*See Accompanying Notes to the General Purpose Financial Statements*



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | <b>Proprietary<br/>Fund Type</b> | <b>Fiduciary<br/>Fund Type</b> | <b>Totals</b>                |
|--|----------------------------------|--------------------------------|------------------------------|
|  | <b>Enterprise</b>                | <b>Nonexpendable<br/>Trust</b> | <b>(Memorandum<br/>Only)</b> |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>  |                                  |                                |                              |
| Cash Flows from Operating Activities:  |                                  |                                |                              |
| Cash Received from Customers   | \$219,440                        | \$0                            | \$219,440                    |
| Cash Received from Gifts and Donations   | 0                                | 2,675                          | 2,675                        |
| Cash Payments for Salaries   | (111,714)                        | 0                              | (111,714)                    |
| Cash Payments for Fringe Benefits  | (35,572)                         | 0                              | (35,572)                     |
| Cash Payments to Suppliers for Goods and Services  | (120,346)                        | 0                              | (120,346)                    |
| Cash Received from Other Revenues  | 28                               | 0                              | 28                           |
| Cash Payments for Other Expenses   | (1,957)                          | (505)                          | (2,462)                      |
| Net Cash Provided by (Used for) Operating Activities   | (50,121)                         | 2,170                          | (47,951)                     |
| <b>Cash Flows from Capital Financing Activities:</b>   |                                  |                                |                              |
| Cash Payments for Fixed Assets   | (7,559)                          | 0                              | (7,559)                      |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |                                  |                                |                              |
| Cash Received from Operating Grants  | 94,214                           | 0                              | 94,214                       |
| <b>Cash Flows from Investing Activities:</b>   |                                  |                                |                              |
| Cash Received from Interest  | 1,937                            | 393                            | 2,330                        |
| Net Increase in Cash and Cash Equivalents  | 38,471                           | 2,563                          | 41,034                       |
| Cash and Cash Equivalents at Beginning of Year   | 117,638                          | 7,695                          | 125,333                      |
| Cash and Cash Equivalents at End of Year   | \$156,109                        | \$10,258                       | \$166,367                    |
| <b>Reconciliation of Operating Income (Loss) to Net<br/>Cash Provided by (Used for) Operating Activities:</b>        |                                  |                                |                              |
| Operating Income (Loss)  | (\$92,950)                       | \$2,549                        | (\$90,401)                   |
| <b>Adjustments to Reconcile Operating Income (Loss) to Net<br/>Cash Provided by (Used for) Operating Activities:</b> |                                  |                                |                              |
| Depreciation   | 2,356                            | 0                              | 2,356                        |
| Donated Commodities Used During Year   | 29,994                           | 0                              | 29,994                       |
| Interest Reported as Operating Income  | 0                                | (379)                          | (379)                        |
| Changes in Assets and Liabilities:   |                                  |                                |                              |
| Increase in Accounts Receivable  | (578)                            | 0                              | (578)                        |
| Increase in Prepaid Items  | (4)                              | 0                              | (4)                          |
| Increase in Materials and Supplies Inventory   | (550)                            | 0                              | (550)                        |
| Decrease in Inventory Held for Resale  | 381                              | 0                              | 381                          |
| Increase in Accounts Payable   | 106                              | 0                              | 106                          |
| Increase in Accrued Wages and Benefits   | 251                              | 0                              | 251                          |
| Increase in Compensated Absences Payable   | 1,128                            | 0                              | 1,128                        |
| Increase in Intergovernmental Payable  | 9,745                            | 0                              | 9,745                        |
| Net Cash Provided by (Used for) Operating Activities   | (\$50,121)                       | \$2,170                        | (\$47,951)                   |
| <b>Reconciliation of Nonexpendable Trust Fund Cash and Cash Equivalents to Balance Sheet:</b>                        |                                  |                                |                              |
| Cash and Cash Equivalents - All Fiduciary Fund Types   | \$45,752                         |                                |                              |
| Less Agency Funds  | (29,291)                         |                                |                              |
| Less Expendable Trust Fund   | (6,203)                          |                                |                              |
| <b>Cash and Cash Equivalents - Nonexpendable Trust Fund</b>  | <b>\$10,258</b>                  |                                |                              |

See Accompanying Notes to the General Purpose Financial Statements

PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | Enterprise Funds  |                  |  | Nonexpendable Trust Fund |                 |  |
|---|-------------------|------------------|--|--------------------------|-----------------|--|
|   | Revised<br>Budget | Actual           | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget        | Actual          | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>                            |                   |                  |  |                          |                 |  |
| Sales                                       | \$154,280         | \$195,984        | \$41,704                               | \$0                      | \$0             | \$0                                    |
| Tuition                                     | 23,199            | 23,456           | 257                                    | 0                        | 0               | 0                                      |
| Interest                                    | 0                 | 1,937            | 1,937                                  | 350                      | 393             | 43                                     |
| Gifts and Donations                         | 0                 | 0                | 0                                      | 2,150                    | 2,675           | 525                                    |
| Other Revenues                              | 0                 | 28               | 28                                     | 0                        | 0               | 0                                      |
| Operating Grants                            | 100,820           | 94,214           | (6,606)                                | 0                        | 0               | 0                                      |
| <b>Total Revenues</b>                       | <b>278,299</b>    | <b>315,619</b>   | <b>37,320</b>                          | <b>2,500</b>             | <b>3,068</b>    | <b>568</b>                             |
| <b>Expenses:</b>                            |                   |                  |  |                          |                 |  |
| Salaries                                    | 116,218           | 111,714          | 4,504                                  | 0                        | 0               | 0                                      |
| Fringe Benefits                             | 42,926            | 35,572           | 7,354                                  | 0                        | 0               | 0                                      |
| Purchased Services                          | 26,148            | 21,064           | 5,084                                  | 0                        | 0               | 0                                      |
| Materials and Supplies                      | 119,533           | 108,032          | 11,501                                 | 0                        | 0               | 0                                      |
| Other Expenses                              | 2,220             | 1,957            | 263                                    | 600                      | 505             | 95                                     |
| Capital Outlay                              | 9,643             | 8,384            | 1,259                                  | 0                        | 0               | 0                                      |
| <b>Total Expenses</b>                       | <b>316,688</b>    | <b>286,723</b>   | <b>29,965</b>                          | <b>600</b>               | <b>505</b>      | <b>95</b>                              |
| Excess of Revenues Over<br>(Under) Expenses | (38,389)          | 28,896           | 67,285                                 | 1,900                    | 2,563           | 663                                    |
| Fund Balances at Beginning of Year          | 117,435           | 117,435          | 0                                      | 7,695                    | 7,695           | 0                                      |
| Prior Year Encumbrances Appropriated        | 203               | 203              | 0                                      | 0                        | 0               | 0                                      |
| <b>Fund Balances at End of Year</b>         | <b>\$79,249</b>   | <b>\$146,534</b> | <b>\$67,285</b>                        | <b>\$9,595</b>           | <b>\$10,258</b> | <b>\$663</b>                           |

See Accompanying Notes to the General Purpose Financial Statements

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1960 through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred eighty-two square miles. It is located in Auglaize, Mercer, and Van Wert Counties, and includes all of the Villages of Rockford, Willshire, and Mendon, and Blackcreek, Dublin, Hopewell, Liberty, Willshire, Salem, and Union Townships. The School District is the 437th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by forty-six classified employees, eighty-two certified teaching personnel, and seven administrative employees who provide services to 1,225 students and other community members. The School District currently operates three instructional buildings and three bus garages.

**Reporting Entity:**

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

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

The School District is associated with four jointly governed organizations, two insurance pools, and a related organization. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Vantage Joint Vocational School, the West Central Regional Professional Development Center, the West Central Ohio Special Education Regional Resource Center, the NOACSC Workers' Compensation Group Rating Plan, the Mercer Auglaize Employee Benefit Trust, and the Rockford Carnegie Public Library. These organizations are presented in Notes 18, 19, and 20 to the general purpose financial statements.

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

The financial statements of Parkway Local 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. Following are the more significant of the School District's accounting policies.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**A. Basis of Presentation - Fund Accounting**

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

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of 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 and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

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

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

**Proprietary Fund Type:**

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 is the School District's proprietary fund type:

**Enterprise Funds** - 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.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**A. Basis of Presentation - Fund Accounting (Continued)**

**Fiduciary Fund Types:**

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

**Account Groups:**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**B. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

**C. Budgetary Process**

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

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

The Title VI-B special revenue fund is a flow through grant in which the Mercer County Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

**Tax Budget:**

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

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**C. Budgetary Process (Continued)**

**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 fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 1999.

**Appropriations:**

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

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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

**Encumbrances:**

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**C. Budgetary Process (Continued)**

**Lapsing of Appropriations:**

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

**D. Cash and Investments**

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

Cash and cash equivalents held for the School District by Community First Bank, who services the School District's bond/coupon payments, are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 1999, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$97,460, which includes \$16,939 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. Investments with an initial maturity of more than three months are reported as investments.

**E. Prepaid Items**

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

**F. Inventory**

Inventory in the proprietary funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated food, purchased food, and school supplies held for resale and is expensed when used.



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to create a reserve for budget stabilization as well as unexpended revenues restricted for the purchase of school buses. See Note 16 for calculation of the year end restricted asset balance and corresponding fund balance reserves.

**H. 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 respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables".

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after twenty years of service with the School District; after fifteen years of service with the School District if they are forty-five years of age; or after ten years of service with the School District if they are fifty years of age.

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have used current available financial resources. The long-term loan is reported as a liability in the general long-term obligations account group until due.

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

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to the 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 fiscal year end.

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

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a 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 have been established for property taxes, budget stabilization, bus purchase, contributions, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust fund.

**N. Intergovernmental Revenues**

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

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**N. Intergovernmental Revenues (Continued)**

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

*Entitlements*

*General Fund*

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

*Special Revenue Fund*

- Textbook/Instructional Materials

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Professional Development
- Education Management Information System
- Public School Preschool
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- Continuous Improvement Development

*Capital Projects Funds*

- SchoolNet Plus
- Tech Equity
- Emergency Building Repair

*Reimbursable Grants*

*Enterprise Fund*

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 61 percent of the revenues of the School District's governmental fund types during the 1999 fiscal year.

**O. Interfund Transactions**

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

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

**P. Estimates**

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

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**Q. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 1999, the Education Management Information System, Eisenhower, Title I, and Drug Free special revenue funds had deficit fund balances of \$24, \$3,466, \$34,855, and \$1,661, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The following accounts had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 1999:

|                                  | Appropriations | Expenditures<br>Plus<br>Encumbrances | Excess  |
|----------------------------------|----------------|--------------------------------------|---------|
| General Fund                     |                |                                      |         |
| Instruction:                     |                |                                      |         |
| Regular                          |                |                                      |         |
| Materials and Supplies           | \$203,123      | \$204,945                            | \$1,822 |
| Capital Outlay - New             | 21,799         | 22,198                               | 399     |
| Support Services:                |                |                                      |         |
| Central                          |                |                                      |         |
| Materials and Supplies           | 5,598          | 5,633                                | 35      |
| Capital Outlay                   |                |                                      |         |
| Site Acquisition Services        |                |                                      |         |
| Capital Outlay - New             | 5,500          | 6,000                                | 500     |
| Special Revenue Funds            |                |                                      |         |
| Athletic                         |                |                                      |         |
| Extracurricular Activities       |                |                                      |         |
| Other                            | 79,541         | 80,027                               | 486     |
| Textbook/Instructional Materials |                |                                      |         |
| Instruction:                     |                |                                      |         |
| Regular                          |                |                                      |         |
| Materials and Supplies           | 21,631         | 21,737                               | 106     |
| Eisenhower                       |                |                                      |         |
| Instruction:                     |                |                                      |         |
| Regular                          |                |                                      |         |
| Materials and Supplies           | 4,802          | 4,824                                | 22      |

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust fund and as note disclosure in the proprietary fund type and nonexpendable trust fund (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Title VI-B special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

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

|   | Excess of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses<br>Governmental Fund Types |                    |
|---|---|--------------------|
|   | General   | Special<br>Revenue |
| GAAP Basis  | \$669,592   | (\$23,920)         |
| <u>Increase (Decrease) Due To:</u>                  |   |                    |
| Revenue Accruals:                                   |   |                    |
| Accrued FY 1998, Received in Cash FY 1999           | 321,243   | 935                |
| Accrued FY 1999, Not Yet Received in Cash           | (398,243)   | 0                  |
| Expenditure Accruals:                               |   |                    |
| Accrued FY 1998, Paid in Cash FY 1999               | (624,274)   | (22,393)           |
| Accrued FY 1999, Not Yet Paid in Cash               | 671,050   | 32,252             |
| Prepaid Items                                       | (517)   | 199                |
| Advances In   | 12,524  | 33,044             |
| Advances Out  | (33,044)  | (12,524)           |
| Encumbrances Outstanding at Year End (Budget Basis) | (151,066)   | (31,220)           |
| Budget Basis  | \$467,265   | (\$23,627)         |

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

|  | Net Income/Excess of Revenues Over Expenses<br>Proprietary Fund Type and Nonexpendable Trust Fund |                        |
|--|---|------------------------|
|  | Proprietary<br>Fund Type  |                        |
|  | Enterprise  | Nonexpendable<br>Trust |
| GAAP Basis   | \$41,891  | \$2,549                |
| <u>Increase (Decrease) Due to:</u>                     |   |                        |
| Revenue Accruals:                                      |   |                        |
| Accrued FY 1998, Received in Cash FY 1999              | 147   | 148                    |
| Accrued FY 1999, Not Yet Received in Cash              | (9,582)   | (134)                  |
| Expense Accruals:                                      |   |                        |
| Accrued FY 1998, Paid in Cash FY 1999                  | (\$30,428)  | \$0                    |
| Accrued FY 1999, Not Yet Paid in Cash                  | 41,658  | 0                      |
| Prepaid Items  | (4)   | 0                      |
| Materials and Supplies Inventory                       | (550)   | 0                      |
| Inventory Held for Resale                              | 381   | 0                      |
| Depreciation Expense                                   | 2,356   | 0                      |
| Acquisition of Fixed Assets                            | (7,559)   | 0                      |
| Loss on Disposal of Fixed Assets                       | 161   | 0                      |
| Encumbrances Outstanding<br>at Year End (Budget Basis) | (9,575)   | 0                      |
| Budget Basis   | \$28,896  | \$2,563                |

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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.

At fiscal year end, the School District had \$7,728 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents". The School District had \$431 in cash and cash equivalents held by the Community First Bank, who services the School District's bond/coupon payments. These amounts are included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

At fiscal year end, the carrying amount of the School District's deposits was \$1,680,759 and the bank balance was \$1,824,967. Of the bank balance, \$316,892 was covered by federal depository insurance and \$1,100,834 was covered by pledged collateral and \$407,241 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District's agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the 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 or agent but not in the School District's name. The School District's investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 1999, the fair value of funds on deposit with STAR Ohio was \$55,238.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

|                      | Cash and Cash<br>Equivalents/Deposits | Investments |
|----------------------|---------------------------------------|-------------|
| GASB Statement No. 9 | \$1,743,725                           | \$0         |
| Cash on Hand         | (7,728)                               | 0           |
| Investments:         |                                       |             |
| STAR Ohio            | (55,238)                              | 55,238      |
| GASB Statement No. 3 | \$1,680,759                           | \$55,238    |

**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. All property is required to be revalued every six years. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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. 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 fiscal year. Tangible personal property assessments are 25 percent of true value.

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.



**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

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

The School District receives property taxes from Auglaize, Mercer, and Van Wert 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 Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current 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 at June 30, 1999, was \$20,347 in the General Fund. The amount available as an advance at June 30, 1998, was \$14,225 in the General Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

|   | 1998 Second-<br>Half Collections |                | 1999 First-<br>Half Collections |                |
|---|----------------------------------|----------------|---------------------------------|----------------|
|   | Amount                           | Percent        | Amount                          | Percent        |
| Agricultural/Residential<br>and Other Real Estate | \$58,385,110                     | 86.51%         | \$59,606,570                    | 86.10%         |
| Public Utility                                    | 5,653,050                        | 8.38           | 5,535,320                       | 8.00           |
| Tangible Personal                                 | 3,454,020                        | 5.11           | 4,088,370                       | 5.90           |
| Total Assessed Value                              | <u>\$67,492,180</u>              | <u>100.00%</u> | <u>\$69,230,260</u>             | <u>100.00%</u> |
| Tax rate per \$1,000 of<br>assessed valuation     | \$34.17                          |                | \$34.17                         |                |

**NOTE 7 - INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (student fees and billings for user charged services), intergovernmental, accrued interest, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Accounts receivable at June 30 were \$57,667.

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 8 - RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

|                                       | Amounts |
|---------------------------------------|---------|
| General Fund                          |         |
| Driver Education                      | \$600   |
| Headstart                             | 225     |
| Mercer County                         | 65      |
| Total General Fund                    | 890     |
| Enterprise Fund                       |         |
| Food Service                          |         |
| Federal and State Lunchroom Subsidies | 8,857   |
| Total                                 | \$9,747 |

**NOTE 9 - FIXED ASSETS**

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

|                               |           |
|-------------------------------|-----------|
| Furniture and Equipment       | \$115,947 |
| Less Accumulated Depreciation | (83,514)  |
| Net Fixed Assets              | \$32,433  |

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

| Asset Category                       | Balance at<br>6/30/98 | Additions | Reductions | Balance at<br>6/30/99 |
|--------------------------------------|-----------------------|-----------|------------|-----------------------|
| Land and Improvements                | \$287,080             | \$0       | \$0        | \$287,080             |
| Buildings and Improvements           | 3,696,162             | 461,818   | 0          | 4,157,980             |
| Furniture, Fixtures, and<br>Vehicles | 827,363               | 103,817   | 67,200     | 863,980               |
| Totals                               | \$6,190,243           | \$632,511 | \$105,228  | \$6,717,526           |

**NOTE 10 - INTERFUND ASSETS/LIABILITIES**

At June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

| Fund Type/Fund              | Interfund<br>Receivable | Interfund<br>Payable |
|-----------------------------|-------------------------|----------------------|
| General Fund                | \$38,044                | \$0                  |
| Special Revenue Funds       |                         |                      |
| Public School Support       | 0                       | 0                    |
| Athletic                    | 0                       | 5,000                |
| Eisenhower                  | 0                       | 4,406                |
| Title I                     | 0                       | 25,000               |
| Drug Free                   | 0                       | 3,638                |
| Total Special Revenue Funds | 0                       | 38,044               |
| Total All Funds             | \$38,044                | \$38,044             |

**PARKWAY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 11 - RISK MANAGEMENT**

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

During fiscal year 1999, the School District contracted for the following insurance coverages.

Coverages provided by Indiana Insurance are as follows:

|   |              |
|---|--------------|
| Building and Contents - replacement cost (\$500 deductible) | \$22,783,687 |
| Boiler and Machinery  | 10,742,500   |
| Inland Marine Coverage (\$100 deductible)                   | 648,575      |

Coverages provided by Nationwide/Wausau Insurance are as follows:

|                     |           |
|---------------------|-----------|
| Vehicle Liability   | 2,000,000 |
| Uninsured Motorists | 2,000,000 |
| General Liability   |           |
| Per Occurrence      | 2,000,000 |
| Total per Year      | 5,000,000 |
| Umbrella Liability  |           |
| Per Occurrence      | 2,000,000 |
| Total per Year      | 2,000,000 |

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

The School District participates in the Mercer Auglaize Employee Benefit Trust (the Trust) (Note 19), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical, prescription drug, and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 1999, the School District participated in NOACSC Workers' Compensation Group Rating Plan (the Plan) (Note 19), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premiums to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to members that can meet the Plan's selection criteria. The members apply for participation each year. The firm of Acordia Workers' Compensation Services provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$182,708, \$312,509, and \$330,561, respectively; 82.02 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$32,849, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$55,725, \$67,826, and \$69,810, respectively; 40.98 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$32,888, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

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

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$243,610 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000, and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$66,304 for fiscal year 1999.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575, and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 14 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is 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 upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty-five days for all personnel. Upon retirement, payment is made for one-fourth of one hundred ninety days of accrued, but unused sick leave credit plus one additional day for each year in excess of twenty years of service to a maximum sixty days.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 14 - EMPLOYEE BENEFITS (Continued)**

**B. Other Employee Benefits**

The School District provides medical, prescription drug, and dental insurance to employees through the Mercer Auglaize Employee Benefit Trust. The premium varies with each employee depending on marital and family status. The School District provides life insurance to employees through CoreSource.

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

|                                     | Balance at<br>6/30/98 | Additions       | Reductions      | Balance at<br>6/30/99 |
|-------------------------------------|-----------------------|-----------------|-----------------|-----------------------|
| 1992 Asbestos Removal Loan Payable  | \$21,164              | \$0             | \$5,000         | \$16,164              |
| Compensated Absences Payable        | 305,858               | 2,882           | 0               | 308,740               |
| Intergovernmental Payable           | 71,159                | 49,408          | 71,159          | 49,408                |
| Total General Long-Term Obligations | <u>\$398,181</u>      | <u>\$52,290</u> | <u>\$76,159</u> | <u>\$374,312</u>      |

**1992 Asbestos Removal Loan** - In fiscal year 1992, the School District obtained an interest free loan, in the amount of \$53,664, for asbestos removal. The loan was issued for a ten year period with final maturity in fiscal year 2002. The loan is being retired through the Bond Retirement debt service fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The School District's overall debt margin was \$6,234,100 with an unvoted debt margin of \$69,230 at June 30, 1999.

At June 30, 1999, principal requirements to retire the Asbestos Removal Loan were as follows:

| Fiscal Year<br>Ending June 30, | Principal       |
|--------------------------------|-----------------|
| 2000                           | 5,000           |
| 2001                           | 5,000           |
| 2002                           | 6,164           |
| Total                          | <u>\$16,164</u> |

**NOTE 16 - RESERVATIONS OF FUND BALANCE**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The School District also receives resources from the State of Ohio which are restricted by State law to the purchase of school buses. The balance of this allocation is also reflected as a reservation of fund balance in the General Fund at fiscal year end.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 16 - RESERVATIONS OF FUND BALANCE (Continued)**

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999 as well as the balance of the bus purchase allocation.

|  | Textbooks  | Capital<br>Improvements | Budget<br>Stabilization | Total            |
|--|------------|-------------------------|-------------------------|------------------|
| Balance June 30, 1998  | \$0        | \$0                     | \$22,091                | \$22,091         |
| Current Year Set Aside<br>Requirement                                  | 96,729     | 96,729                  | 48,364                  | 241,822          |
| Bureau of Workers' Compensation<br>Refund Received in Fiscal Year 1999 | 0          | 0                       | 341                     | 341              |
| Current Year Offsets   | (16,765)   | 0                       | 0                       | (16,765)         |
| Qualifying Expenditures  | (79,964)   | (96,729)                | 0                       | (176,693)        |
| Balance June 30, 1999  | <u>\$0</u> | <u>\$0</u>              | <u>\$70,796</u>         | <u>70,796</u>    |
| Amount Restricted for Bus Purchase                                     |            |                         |                         | <u>36,609</u>    |
| Total Restricted Assets  |            |                         |                         | <u>\$107,405</u> |

Amounts of offsets and qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional offsets and qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and preschool. The table below reflects the more significant financial data relating to the enterprise funds of the Parkway Local School District as of and for the fiscal year ended June 30, 1999.

|  | Food Service | Preschool | Total     |
|--|--------------|-----------|-----------|
| Operating Revenues                                     | \$196,589    | \$23,457  | \$220,046 |
| Depreciation Expense                                   | (2,356)      | 0         | (2,356)   |
| Operating Loss   | (88,436)     | (4,514)   | (92,950)  |
| Federal Donated Commodities                            | 29,994       | 0         | 29,994    |
| Operating Grants                                       | 103,071      | 0         | 103,071   |
| Net Income (Loss)                                      | 46,405       | (4,514)   | 41,891    |
| Fixed Asset Additions                                  | 7,559        | 0         | 7,559     |
| Fixed Asset Reductions                                 | 1,138        | 0         | 1,138     |
| Net Working Capital                                    | 140,083      | 3,631     | 143,714   |
| Total Assets   | 204,500      | 10,691    | 215,191   |
| Total Equity   | 160,388      | 3,631     | 164,019   |
| Encumbrances Outstanding<br>at Year End (Budget Basis) | 9,449        | 126       | 9,575     |

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county. Financial information can be obtained from Michael Wildermuth, who serves as Director, 645 South Main Street, Lima, Ohio 45804.

**B. Vantage Joint Vocational School**

The Vantage Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational instruction to students. The JVS is operated under the direction of a Board consisting of eleven members, one member each from the Mercer and Putnam County Educational Service Centers, two members each from the Paulding and Van Wert County Educational Service Centers, three members from the Paulding Exempted Village Board of Education, and two members from the Van Wert City Board of Education. The degree of control exercised by the School District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Vantage Joint Vocational School, Ella Jackson, who serves as Treasurer, 818 North Franklin, Van Wert, Ohio 45891-1304.

**C. West Central Regional Professional Development Center**

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**D. West Central Ohio Special Education Regional Resource Center**

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.



**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 19 - INSURANCE POOLS**

**A. NOACSC 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 NOACSC Workers' Compensation Group Rating Plan (the Plan) was established through the Northwest Ohio Area Computer Services Cooperative (NOACSC) as an insurance purchasing pool. The Safety Coordinator, Robert Lotz, of NOACSC, or his designee, serves as coordinator of the Plan. Each year, the participating members pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Mercer Auglaize Employee Benefit Trust**

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, prescription drug, and dental benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler, Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

**NOTE 20 - RELATED ORGANIZATION**

**Rockford Carnegie Public Library**

The Rockford Carnegie Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The library is governed by a Board of Trustees, appointed by the Parkway Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Rockford Carnegie Public Library, Robert Maurer, Clerk/Treasurer, 162 South Main Street, Rockford, Ohio 45882.

**NOTE 21 - SCHOOL FOUNDATION PROGRAM**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program" which provides significant monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$3,628,320 in school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio 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.

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 21 - SCHOOL FOUNDATION PROGRAM (Continued)**

The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme 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 Ohio 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 Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

The Supreme 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.

**NOTE 22 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.



STATE OF OHIO  
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JIM PETRO, AUDITOR OF STATE

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

Parkway Local School District  
Mercer County  
401 South Franklin Street  
Rockford, Ohio 45882-9040

To the Board of Education:

We have audited the financial statements of Parkway Local School District (the School District) as of and for the years ended June 30, 2000 and 1999 and have issued our report thereon dated December 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 13, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 13, 2000.

Parkway Local School District  
Mercer County  
Report on compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

December 13, 2000

**PARKWAY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000 AND JUNE 30, 1999**

| <b>Finding Number</b> | <b>Finding Summary</b>                              | <b>Fully Corrected</b> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b> |
|-----------------------|---|------------------------|--|
| 1998-10254-001        | 5705.39 Appropriations exceeded estimated resources | Yes                    |  |





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**PARKWAY LOCAL SCHOOL DISTRICT**

**MERCER 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  
JANUARY 09, 2001**