



**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Troy City School District
Miami County
500 North Market Street
Troy, Ohio 45373

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Troy City School District, Miami County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and non-expendable 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 February 16, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

February 16, 2001

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**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS:			
Cash and Cash Equivalents (note 5)	\$3,287,761	\$557,064	\$477,462
Receivables:			
Property Taxes - Current	18,968,115		489,345
Property Taxes - Delinquent	265,579		6,074
Accounts Receivable	40,295	20,618	
Accrued Interest	34,126		
Due From:			
Other Governments	1,716,988		48,986
Inventory - Material and Supplies	47,601		
Prepaid Items	11,589	255	
Restricted Assets:			
Cash and Cash Equivalents	546,514		
Property, Plant and Equipment (Net, where applicable, of accumulated depreciation) (note 7)			
Amount to be provided for retirement of General Long-Term Obligations			
TOTAL ASSETS AND OTHER DEBITS	<u>24,918,568</u>	<u>577,937</u>	<u>1,021,867</u>
LIABILITIES:			
Accounts Payable	118,733	45,578	67,704
Accrued Wages and Benefits	3,332,845	25,900	
Claims Payable - Health Care			
Interest Payable			
Due to:			
Other Government	9,186	12,311	
Others			
Deferred Revenue:			
Property Taxes	18,360,933		474,270
Other	1,692,900		48,986
Notes Payable:			
Tax Anticipation Note			
TOTAL LIABILITIES	<u>23,514,597</u>	<u>83,789</u>	<u>590,960</u>
EQUITY AND OTHER CREDITS:			
Investment in General Fixed Assets			
Contributed Equity			
Retained Earnings			
Fund Balances (Deficit):			
Reserved for Encumbrances	240,499	54,337	237,735
Reserved for Property Taxes	872,761		21,149
Reserved for Inventory	47,601		
Reserved for Prepays	11,589	255	
Reserved for Claims Payable			
Reserved for Endowments and Cash Awards			
Reserved for Bus Purchase			
Budget Stabilization Reserve	546,514		
Unreserved	(314,993)	439,556	172,023
Total Contributed Equity, Retained Earnings, & Fund Balances(Deficit)	<u>1,403,971</u>	<u>494,148</u>	<u>430,907</u>
TOTAL EQUITY AND OTHER CREDITS	<u>1,403,971</u>	<u>494,148</u>	<u>430,907</u>
TOTAL LIABILITIES, EQUITY & OTHER CREDITS	<u>\$24,918,568</u>	<u>\$577,937</u>	<u>\$1,021,867</u>

See accompanying notes to the general purpose financial statements.

Proprietary		Fiduciary	Account Groups		Totals	
			General	General	(Memorandum Only)	
Enterprise (Note 16)	Internal Service	Trust and Agency	Fixed Assets	Long-Term Obligations	2000	1999
\$491,880	\$300,000	\$718,648			\$5,832,815	\$3,879,411
319,990					19,777,450	17,847,763
3,804					275,457	287,159
2,319		100			63,332	67,722
617		7,080			41,823	77,614
34,815					1,800,789	1,502,545
27,872					75,473	87,378
1,344					13,188	13,938
					546,514	378,508
295,801			\$23,552,137		23,847,938	23,716,153
				\$2,732,347	2,732,347	3,312,760
<u>1,178,442</u>	<u>300,000</u>	<u>725,828</u>	<u>23,552,137</u>	<u>2,732,347</u>	<u>55,007,126</u>	<u>51,170,951</u>
12,605		49,531			294,151	447,026
232,359				2,732,347	6,323,451	7,049,686
	\$272,500				272,500	405,974
						50,425
					21,497	53,903
		72,601			72,601	93,250
323,794					19,158,997	16,697,752
48,415					1,790,301	1,413,784
						1,644,016
<u>617,173</u>	<u>272,500</u>	<u>122,132</u>		<u>2,732,347</u>	<u>27,933,498</u>	<u>27,855,816</u>
			23,552,137		23,552,137	23,389,697
155,811					155,811	155,811
405,458					405,458	233,880
		86			532,657	592,014
					893,910	1,437,170
					47,601	56,048
					11,844	13,815
	\$27,500				27,500	
		137,860			137,860	135,960
						52,054
					546,514	326,454
		465,750			762,336	(3,077,768)
<u>561,269</u>	<u>27,500</u>	<u>603,696</u>			<u>3,521,491</u>	<u>(74,562)</u>
<u>561,269</u>	<u>27,500</u>	<u>603,696</u>	<u>23,552,137</u>		<u>27,073,628</u>	<u>23,315,135</u>
<u>\$1,178,442</u>	<u>\$300,000</u>	<u>\$725,828</u>	<u>\$23,552,137</u>	<u>\$2,732,347</u>	<u>\$55,007,126</u>	<u>\$51,170,951</u>

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Capital Projects	Expensible Trust	(Memorandum Only)	
					2000	1999
REVENUES:						
Taxes	\$18,449,924		\$502,083		\$18,952,007	\$17,412,632
Tuition and Fees	291,764				291,764	229,051
Interest	343,390	\$3,876			347,266	169,475
Intergovernmental	10,009,702	1,356,655	47,892		11,414,249	9,844,825
Extracurricular Activities	42,438	375,310			417,748	301,033
Miscellaneous	113,499	50,907	63,291	\$43,257	270,954	1,435,629
TOTAL REVENUES	<u>29,250,717</u>	<u>1,786,748</u>	<u>613,266</u>	<u>43,257</u>	<u>31,693,988</u>	<u>29,392,645</u>
EXPENDITURES:						
Current:						
Instruction:						
Regular	13,724,204	875,542			14,599,746	15,338,461
Special	2,096,589	266,034			2,362,623	2,288,915
Other	554,305	90,868	856		646,029	771,348
TOTAL INSTRUCTIONAL SERVICES	<u>16,375,098</u>	<u>1,232,444</u>	<u>856</u>		<u>17,608,398</u>	<u>18,398,724</u>
Support Services:						
Pupil	1,269,981	2,986			1,272,967	1,149,991
Instructional Staff	674,858	86,157			761,015	870,308
Board of Education	573,022				573,022	680,544
Administration	1,662,576	17,114			1,679,690	1,767,799
Fiscal	288,015		8,988		297,003	304,964
Business	352,046	40,918		23,086	416,050	449,246
Operation and Maintenance of Plant	2,082,125	1,563			2,083,688	2,107,443
Pupil Transportation	1,127,913	308			1,128,221	1,078,060
Other	5,466	24,748			30,214	795
TOTAL SUPPORT SERVICES	<u>8,036,002</u>	<u>173,794</u>	<u>8,988</u>	<u>23,086</u>	<u>8,241,870</u>	<u>8,409,150</u>
Extracurricular Activities		198,001			198,001	140,031
Capital outlay	180,358	166,865	720,872		1,068,095	1,408,600
Debt service:						
Principal Retirement						3,026,000
Interest						(116,603)
TOTAL EXPENDITURES	<u>24,591,458</u>	<u>1,771,104</u>	<u>730,716</u>	<u>23,086</u>	<u>27,116,364</u>	<u>31,265,902</u>
Excess of Revenue Over (Under) expenditures	<u>4,659,259</u>	<u>15,644</u>	<u>(117,450)</u>	<u>20,171</u>	<u>4,577,624</u>	<u>(1,873,257)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from Sale of Notes						3,026,000
Refund of Prior Year Receipt				(677,647)	(677,647)	
Transfers in	265,581				265,581	59,139
Transfers out	(315,061)				(315,061)	(179,512)
Advances in	95,000				95,000	(95,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,520</u>			<u>(677,647)</u>	<u>(632,127)</u>	<u>2,810,627</u>
Excess of Revenue and Other Financing Sources Over (under) Expenditures and Other Uses	<u>4,704,779</u>	<u>15,644</u>	<u>(117,450)</u>	<u>(657,476)</u>	<u>3,945,497</u>	<u>937,370</u>
Increase (decrease) in reserve for property taxes	(527,358)		(15,902)		(543,260)	305,995
Increase (decrease) in reserve for inventory	(8,447)				(8,447)	(9,854)
TOTAL CHANGE IN RESERVE FOR PROPERTY TAXES AND INVENTORY	<u>(535,805)</u>		<u>(15,902)</u>		<u>(551,707)</u>	<u>296,141</u>
Net change in unreserved fund balance for year	4,168,974	15,644	(133,352)	(657,476)	3,393,790	1,233,511
FUND BALANCES AT BEGINNING OF YEAR	<u>(2,765,003)</u>	<u>478,504</u>	<u>564,259</u>	<u>1,119,153</u>	<u>(603,087)</u>	<u>(1,836,598)</u>
FUND BALANCES AT END OF YEAR	<u>\$1,403,971</u>	<u>\$494,148</u>	<u>\$430,907</u>	<u>\$461,677</u>	<u>\$2,790,703</u>	<u>(\$603,087)</u>

See accompanying notes to the general purpose financial statements.

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**TROY CITY SCHOOL DISTRICT
MIAMI 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 FUNDS (NOTE 4)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Fav/(Unfav)	Budget	Actual	Variance Fav/(Unfav)
REVENUES:						
Taxes	\$18,295,370	\$18,450,424	\$155,054			
Tuition and Fees	250,500	277,423	26,923			
Interest	200,000	329,694	129,694			
Intergovernmental	8,452,745	10,008,209	1,555,464	\$1,081,370	\$1,138,420	\$57,050
Extracurricular Activities	49,000	42,438	(6,562)	373,050	359,712	(13,338)
Miscellaneous	50,500	144,819	94,319	26,400	75,907	49,507
TOTAL REVENUES	27,298,115	29,253,007	1,954,892	1,480,820	1,574,039	93,219
EXPENDITURES:						
Current:						
Instruction						
Regular	14,206,995	14,001,627	205,368	805,366	708,519	96,847
Special	2,056,652	2,050,122	6,530	271,653	270,758	895
Other	909,481	768,856	140,625	307,409	307,409	
TOTAL INSTRUCTIONAL SERVICES	17,173,128	16,820,605	352,523	1,384,428	1,286,686	97,742
Support Services						
Pupil	1,272,192	1,267,604	4,588	6,802	5,618	1,184
Instructional Staff	774,986	757,669	17,317	111,638	83,027	28,611
Board of Education	559,190	559,190				
Administration	1,686,956	1,685,900	1,056	16,934	16,920	14
Fiscal	300,478	292,172	8,306			
Business	384,685	370,226	14,459	45,838	40,918	4,920
Operation and Maintenance of Plant	2,171,571	2,171,571				
Pupil Transportation	1,288,629	1,272,565	16,064	6,621		6,621
Other	10,000	5,616	4,384	16,461	22,682	(6,221)
TOTAL SUPPORT SERVICES	8,448,687	8,382,513	66,174	204,294	169,165	35,129
Extracurricular Activities				276,731	220,652	56,079
Capital Outlay						
Debt service:						
Principal Retirement	1,644,016	1,644,016				
Interest and Fiscal Charges						
TOTAL EXPENDITURES	27,265,831	26,847,134	418,697	1,865,453	1,676,503	188,950
Excess of Revenue Over (Under) Expenditures	32,284	2,405,873	2,373,589	(384,633)	(102,464)	282,169
OTHER FINANCING SOURCES (USES):						
Proceeds from Sale of Notes						
Transfers In		265,581	265,581			
Transfers Out	(95,000)	(315,061)	(220,061)			
Advances In	95,000	95,000				
TOTAL OTHER FINANCING SOURCES (USES)		45,520	45,520			
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	32,284	2,451,393	2,419,109	(384,633)	(102,464)	282,169
FUND BALANCES AT BEGINNING OF YEAR	(58,692)	613,583	672,275	(68,421)	318,287	386,708
Prior Year Encumbrances Appropriated	409,767	409,767		218,729	218,729	
FUND BALANCES AT END OF YEAR	\$383,359	\$3,474,743	\$3,091,384	(\$234,325)	\$434,552	\$668,877

See accompanying notes to the general purpose financial statements.

Capital Projects Fund			Fiduciary Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Fav/(Unfav)	Budget	Actual	Variance Fav/(Unfav)	Budget	Actual	Variance Fav/(Unfav)
\$502,083	\$502,083					\$18,797,453	\$18,952,507	\$155,054
						250,500	277,423	26,923
						200,000	329,694	129,694
47,892	47,892					9,582,007	11,194,521	1,612,514
						422,050	402,150	(19,900)
64,531	64,531		\$40,750	\$43,257	\$2,507	182,181	328,514	146,333
614,506	614,506		40,750	43,257	2,507	29,434,191	31,484,809	2,050,618
						15,012,361	14,710,146	302,215
						2,328,305	2,320,880	7,425
124,743	857	123,886				1,341,633	1,077,122	264,511
124,743	857	123,886				18,682,299	18,108,148	574,151
						1,278,994	1,273,222	5,772
						886,624	840,696	45,928
						559,190	559,190	
						1,703,890	1,702,820	1,070
8,988	8,988					309,466	301,160	8,306
			69,450	37,222	32,228	499,973	448,366	51,607
						2,171,571	2,171,571	
						1,295,250	1,272,565	22,685
						26,461	28,298	(1,837)
8,988	8,988		69,450	37,222	32,228	8,731,419	8,597,888	133,531
						276,731	220,652	56,079
1,084,139	1,036,004	48,135				1,084,139	1,036,004	48,135
						1,644,016	1,644,016	
1,217,870	1,045,849	172,021	69,450	37,222	32,228	30,418,604	29,606,708	811,896
(603,364)	(431,343)	172,021	(28,700)	6,035	34,735	(984,413)	1,878,101	2,862,514
							265,581	265,581
			(1,100,000)	(677,647)	422,353	(1,195,000)	(992,708)	202,292
						95,000	95,000	
			(1,100,000)	(677,647)	422,353	(1,100,000)	(632,127)	467,873
(603,364)	(431,343)	172,021	(1,128,700)	(671,612)	457,088	(2,084,413)	1,245,974	3,330,387
53,181	331,996	278,815	1,103,612	1,118,152	14,540	1,029,680	2,382,018	1,352,338
271,370	271,370		15,050	15,050		914,916	914,916	
(\$278,813)	\$172,023	\$450,836	(\$10,038)	\$461,590	\$471,628	(\$139,817)	\$4,542,908	\$4,682,725

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY/FUND BALANCES--
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary</u>		<u>Fiduciary</u>	<u>Totals</u>	
	<u>Enterprise (Note 16)</u>	<u>Internal Service</u>	<u>Non-Expendable Trusts</u>	<u>(Memorandum Only)</u>	
				<u>2000</u>	<u>1999</u>
OPERATING REVENUES:					
Sales	\$988,514			\$988,514	\$955,075
Intergovernmental		(\$761)		(761)	24,478
Miscellaneous Receipts	87,180			87,180	82,953
Charge for Services		2,137,829		2,137,829	2,245,465
TOTAL REVENUES	<u>1,075,694</u>	<u>2,137,068</u>		<u>3,212,762</u>	<u>3,307,971</u>
OPERATING EXPENSES:					
Salaries and Wages	584,181	(1,206)		582,975	648,235
Fringe Benefits	260,953	445		261,398	248,671
Contractual Services	158,495			158,495	96,087
Materials and Supplies	654,475			654,475	653,090
Claims Expense		2,004,355		2,004,355	2,044,177
Depreciation	22,226			22,226	19,544
Other Expense	8,762		\$4,760	13,522	13,993
TOTAL OPERATING EXPENSES	<u>1,689,092</u>	<u>2,003,594</u>	<u>4,760</u>	<u>3,697,446</u>	<u>3,723,797</u>
OPERATING INCOME (LOSS)	<u>(613,398)</u>	<u>133,474</u>	<u>(4,760)</u>	<u>(484,684)</u>	<u>(415,826)</u>
NONOPERATING REVENUES:					
Property Taxes	328,779			328,779	319,770
Grants	358,953			358,953	340,758
Interest	4,193		7,945	12,138	9,922
Other	32,595			32,595	31,264
TOTAL NONOPERATING REVENUES	<u>724,520</u>		<u>7,945</u>	<u>732,465</u>	<u>701,714</u>
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>111,122</u>	<u>133,474</u>	<u>3,185</u>	<u>247,781</u>	<u>285,888</u>
Operating Transfers In	95,000			95,000	179,512
Operating Transfers Out		(45,520)		(45,520)	(59,139)
Advances Out	(95,000)			(95,000)	95,000
NET INCOME (LOSS)	<u>111,122</u>	<u>87,954</u>	<u>3,185</u>	<u>202,261</u>	<u>501,261</u>
Retained Earnings/Fund Balances at Beginning of Year	294,336	(60,454)	138,834	372,716	(121,047)
Residual Equity Transfer					(7,500)
RETAINED EARNINGS/FUND BALANCES AT END OF YEAR	<u>405,458</u>	<u>27,500</u>	<u>142,019</u>	<u>574,977</u>	<u>372,714</u>
Contributed Capital Beginning of Year	155,811			155,811	155,811
Contributions					
Contributed Capital End of Year	<u>155,811</u>			<u>155,811</u>	<u>155,811</u>
Total Fund Equity at End of Year	<u>\$561,269</u>	<u>\$27,500</u>	<u>\$142,019</u>	<u>\$730,788</u>	<u>\$528,525</u>

See accompanying notes to the general purpose financial statements.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

	<u>Proprietary</u>		<u>Fiduciary</u>	<u>Totals</u>	
	<u>Enterprise Funds</u>	<u>Internal Service</u>	<u>Non- Expendable Trusts</u>	<u>(Memorandum Only)</u>	
				<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating Income (Loss)	(\$613,398)	\$133,474	(\$4,760)	(\$484,684)	(\$483,221)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Donated Commodities Used	60,130			60,130	52,041
Depreciation	31,826			31,826	40,346
Change in Assets and Liabilities:					
Decrease in Taxes Receivable	24,920			24,920	(12,369)
(Increase) in Accounts Receivable	1,540			1,540	
(Increase) in Accrued Interest	(617)		(321)	(938)	(1,942)
Decrease in Due From Other Governments	32,568			32,568	48,334
Decrease in Inventory	3,458			3,458	17,956
(Increase) in Prepays	(1,221)			(1,221)	
Increase in Accounts Payable	5,819		958	6,777	5,650
(Decrease) in Accrued Wages Payable	(11,532)			(11,532)	(223,176)
(Decrease) in Deferred Revenue	(20,093)			(20,093)	(3,550)
(Decrease) in Claims Payable		(133,474)		(133,474)	
TOTAL ADJUSTMENTS	<u>126,798</u>	<u>(133,474)</u>	<u>637</u>	<u>(6,039)</u>	<u>(76,710)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(486,600)</u>		<u>(4,123)</u>	<u>(490,723)</u>	<u>(559,931)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Property Taxes	328,779			328,779	310,243
Grants Received	298,823			298,823	335,180
Contributed Property, Plant and Equipment					155,811
Transfers In (Out)	95,000	(45,520)		49,480	
Advances In (Out)	(95,000)			(95,000)	
Other	32,595			32,595	30,739
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>660,197</u>	<u>(45,520)</u>		<u>614,677</u>	<u>831,973</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and Construction of Capital Assets	(1,171)			(1,171)	163,800
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,171</u>			<u>(1,171)</u>	<u>163,800</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest	4,193		7,945	12,138	11,145
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,193</u>		<u>7,945</u>	<u>12,138</u>	<u>11,145</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>176,619</u>	<u>(45,520)</u>	<u>3,822</u>	<u>134,921</u>	<u>119,387</u>
Cash & Cash Equivalents at Beginning of Year	315,261	345,520	136,377	797,158	504,441
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$491,880</u>	<u>\$300,000</u>	<u>\$140,199</u>	<u>\$932,079</u>	<u>\$623,828</u>

See accompanying notes to the general purpose financial statements.

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**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Troy City School District (District), organized in 1849, is located in Miami County, Ohio, and is a fiscally independent political subdivision of the State of Ohio. The District operates under a locally elected, five member Board of Education (Board) to provide educational and other services as required and permitted by the laws and regulations of the State of Ohio and United States of America. The District is not a part of, nor under the control of, the City of Troy, Ohio.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose a financial burden on the District. On that basis, the reporting entity of the District includes the services of the school district as well as the Hayner Cultural Center (Center).

Blended Component Unit: About fifty years ago, title to the real and personal property which presently comprises the bulk of Hayner Cultural Center passed from the estate of Mary Jane Hayner to the District under Mrs. Hayner's will. This facility is now being operated as a fine arts center to provide fine arts exhibits, educational opportunities, and meeting facilities for the citizens of Troy and its surrounding communities. The District has provided for a Governing Board whose responsibility in part is to preserve, maintain, and operate the Center. The District has the authority to reject the recommendations of the Governing Board. Likewise, there is a financial benefit and financial burden relationship between the District and the Center. Accordingly, the Hayner Cultural Center's financial statements are included within the proprietary funds.

Based on these criteria, the school district is considered a primary government and there are no organizations, other than Hayner Cultural Center, whose financial statements should be combined and presented with the general purpose financial statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation-Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the District:

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds

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

2. Proprietary Fund Types:

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis is financed or recovered primarily through user charges.

Internal Service Fund

Internal Service Funds account for operations that provide services to other departments of the government, or to other governments, on a cost reimbursement basis. The Employee Health Insurance Fund is used to account for the expenses incurred by the District in providing health insurance to District employees through a self insurance program as discussed in Note 10.

3. Fiduciary Fund Types:

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are accounted for and reported 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 the measurement of results of operations.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups

General Fixed Assets Account Group

This account group is established to account for fixed assets of the District other than those accounted for in proprietary or nonexpendable trust funds.

General Long-Term Debt Account Group

This account group is established to account for all unmatured long-term indebtedness of the District except that accounted for in the proprietary funds.

B. Basis of Accounting

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

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

The modified accrual basis of accounting is followed by governmental funds, agency funds and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenue. The district considers property taxes available if they are collected by year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the noncurrent portion of accrued vacation and sick leave, which is recorded in the general long-term debt account group.

Those revenues susceptible to accrual are taxes, tuition and fees, interest and intergovernmental revenues.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon when the expenditures are incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accrual basis of accounting, i.e., revenues are recorded when earned and expenses are recorded when incurred, is utilized by the proprietary funds and non-expendable trust funds.

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

C. Budgetary Process

All governmental and proprietary fund types are subject to annual expenditures budgets except for Auxiliary Service Funds (Special Revenue Funds), which are deemed to be appropriated and therefore are not included in the budgetary statement. The Board follows the procedures outlined below in establishing the expenditures budget data reported in the general purpose financial statements:

1. Tax Budget

A Tax Budget of estimated cash receipts and disbursements is submitted to the Miami County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

The County Budget Commission certifies its actions on the budget to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any additional revenue to be received by a fund and any unencumbered balances from the preceding year.

3. Appropriations

An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the year encumbered. In some years the Board has adopted a temporary appropriation measure to allow the District to operate until its annual appropriations are adopted. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the fund or function level. The appropriation measure may be amended or supplemented during the year as new information becomes available.

During fiscal year 2000, the Board made several supplemental appropriations but none are considered to be material.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in all funds. Encumbrances are reported as reservations of fund balance, since they do not constitute expenditures or liabilities.

5. 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 appropriations. The encumbered appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual -- All Governmental Fund Types and Expendable Trust Fund in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis).

D. Cash and Investments

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

During fiscal year 2000, investments were limited to STAROhio and non-negotiable certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

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 2000 amounted to \$343,390.

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

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by state statute and can be used only after receiving approval from the State Department of Education. The District's required amount for the current year contribution, \$220,060, has been allocated to the Budget Stabilization Reserve. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Inventory of Supplies

Inventory is valued at the lower of cost (first-in, first-out) or market. The cost of inventory in the Governmental Funds is recorded as an expenditure at the time individual inventory items are purchased. Inventory outstanding at June 30, 2000, is capitalized and shown as a reserve of fund balance.

G. Fixed Assets - Governmental Funds

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and capitalized at cost (or estimated historical cost for assets for which cost is not available) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their estimated fair market value at the date received. No depreciation is provided on general fixed assets.

H. Fixed Assets - Proprietary Funds

Fixed assets used by proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction where applicable. The original cost of the property, buildings and equipment was not available. Accordingly, such costs were estimated using standard industry assumptions as determined by an outside consultant. Contributed fixed assets are recorded at estimated fair market value at the date received. Depreciation is provided using the straight-line method over estimated useful lives ranging from 30 to 50 years for buildings, 10 to 40 years for building improvements, 10 to 20 years for improvements other than buildings, and 5 to 20 years for equipment.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

Administrators and classified staff who work twelve-month contracts are granted vacation leave. The leave amount is based on length of service and position. Accrued vacation leave may, in some cases, be carried over from one contract year to another, for up to three years. The District accrues vacation leave benefits as earned.

District employees earn sick leave at fifteen days per year. Upon retirement or termination an employee is paid 25% of the accrued sick leave days, not to exceed a total of 50 days' severance pay. Sick leave benefits are accrued as a liability using the termination payment method.

For governmental funds, the cost of accumulated vacation and sick leave expected to be paid in the next 12 months is recorded as a fund liability, and amounts expected to be paid after 12 months are recorded in the General Long-Term Debt Account Group. For proprietary funds, the cost of vacation and sick leave is recorded as a liability when earned.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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 fund that is reimbursed. All other interfund transfers are reported as operating transfers.

K. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, prepaids, endowments and cash awards, and budget stabilization reserve. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

L. Proprietary Fund Type Accounting

Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date the district accounts for its proprietary funds as presented by the GASB.

M. Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Comparative Data

Comparative total data for the prior year has been presented in the accompanying general purpose financial statements in order to provide an understanding of overall changes in the District's financial position and operations.

O. Total Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

P. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Proprietary and Nonexpendable Trust Funds consider all highly liquid investments held by trustees, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and investments with the Treasurer are also considered to be cash equivalents since they are available to the Proprietary and Nonexpendable Trust Funds on demand.

Reconciliation of Non-Expendable Trust ending cash to balance sheet:

Non-Expendable Trust	\$140,199
Expendable Trust	479,977
Agency	<u>98,472</u>
	<u>\$718,648</u>

3. DEFICIT FUND BALANCE

At June 30, 2000, the Food Service Fund has a deficit fund balance of \$57,350, which was created by the application of generally accepted accounting principles.

4. BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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.
4. Proceeds from and principal payments on short-term obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
GAAP Basis	\$4,704,779	\$15,644	(\$117,450)	(\$657,476)	\$3,945,497
Revenue Accruals	2,290	7,841	1,240	0	11,371
Expenditure Accruals	(1,896,143)	(79,896)	(9,695)	4,250	(1,981,884)
Outstanding Encumbrances at Fiscal Year End	(359,532)	(54,929)	(305,438)	(18,386)	(738,285)
Auxiliary Services Fund	0	8,876	0	0	8,876
Budget Basis	<u>\$2,451,394</u>	<u>(\$102,464)</u>	<u>(\$431,343)</u>	<u>(\$671,612)</u>	<u>\$1,245,975</u>

5. CASH AND INVESTMENTS

The Treasurer is responsible for selecting depositories and investing funds. State statutes classify monies held by the District into three categories:

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

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

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

5. CASH AND INVESTMENTS (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond 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 District, and must be purchased with the expectation that it will be held to maturity. Investments may be made only through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand - At fiscal year end, the District had \$1,500 in undeposited cash on hand which is included on the balance sheet of the District as part of "Cash and Cash Equivalents."

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

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

5. CASH AND INVESTMENTS (Continued)

Deposits - At year end the carrying amount of the District's deposits was \$158,403 and the bank balance was \$532,940. Of the bank balance:

1. \$244,224 was covered by federal depository insurance; and
2. \$288,716 was collateralized with securities held by its agent not in the District's name.

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

	Interest Rate	1	Category 2	3	Cost	Fair Value
Investment in State Treasurer's Investment Pool	N/A				<u>6,219,426</u>	<u>6,219,426</u>
Total Investments					<u>\$6,219,426</u>	<u>\$6,219,426</u>

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

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

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9 Investments of the Cash Management Pool: State Treasurer's Investment Pool	\$6,379,329 <u>(6,219,426)</u>	\$ 0 <u>6,219,426</u>
GASB Statement 3	<u>\$159,903</u>	<u>\$6,219,426</u>

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

6. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued sexennially with a triennial update. The last revaluation was completed in 1998. Real property taxes are payable annually or semi-annually. If paid annually, payment is due February 14; if paid semi-annually, the first payment is due February 14, with the remainder payable by July 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Taxpayers become liable for tangible personal property taxes (other than public utilities) on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined as of the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. In calendar year 1999, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25% of its true value. Amounts 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. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding year on assessed values as of the lien date, January 1, of that preceding year. Public utility tangible personal property currently is generally assessed at 88% of its true value with the exception of the telecommunications industry which is assessed at 25% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the county including the District. The County Auditor periodically remits to the taxing districts their portion of the taxes collected, with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

The assessed values of real and tangible personal property for collection in 2000 upon which 1999 property tax levies were based totaled \$594,628,340, which was comprised of \$425,193,700 in real property, \$30,465,110 in public utility property, and \$138,969,530 in personal property.

Accrued taxes receivable represent taxes on real property, personal property and public utility property which became measurable as of June 30, 2000. Although these tax revenues for the next fiscal year are measurable, they are not intended to finance current-year operations; therefore, the receivable is offset by a credit to deferred revenue.

The only exception to this approach occurs when second half property taxes are available as an advance prior to year end. The amount representing property taxes available for advance at June 30, 2000, is reported as a reserved fund balance of the total fund equity.

One of the district's major taxpayers has overpaid its tangible personal property taxes to Miami County, Ohio, in the amount of \$1,578,152 for the years 1994 through 1996 and has underpaid \$159,974 for 1997. Accrued interest on the overpayment totals \$463,718.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

6. PROPERTY TAXES

The district has negotiated repayment over a five-year period beginning in fiscal year 1999-2000. The district's share of the repayment for the first year is 72.4% of the amount, or \$165,260. For the second year, the district's share is 72%, or \$294,029, and for the third, fourth, and fifth years, the district's share is 73%, or \$298,113 for each of the three years.

The total amount repayable by the district is \$1,353,628.

7. PROPERTY, PLANT, AND EQUIPMENT

Fixed assets are reported as General Fixed Assets for all fund types except Proprietary (Enterprise and Internal Service) Funds. The summary of the General Fixed Assets Account Group for 2000 is as follows:

	<u>Balance</u> <u>June 30, 1999</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> <u>June 30, 2000</u>
Furniture and Fixtures	\$9,670,373	\$381,910	\$814,403	\$9,237,880
Buildings and Improvements	13,302,566	594,333	0	13,896,899
Land	<u>416,758</u>	<u>600</u>	<u>0</u>	<u>417,358</u>
TOTAL	<u>\$23,389,697</u>	<u>\$976,843</u>	<u>\$814,403</u>	<u>\$23,552,137</u>

Proprietary fund type property, plant and equipment at June 30, 2000, for the Enterprise Fund consist of the following:

	<u>Enterprise</u>
Furniture and Fixtures	\$647,837
Building and Improvements	355,300
Land	3,148
Sub-Total	1,006,285
Accumulated Depreciation	<u>(710,484)</u>
Net Carrying Value	<u>\$295,801</u>

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

8. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. 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 District's contributions for pension obligations to SERS for the years ended June 30, 2000, 1999, and 1998, were \$583,211, \$661,148, and \$645,736 respectively; 44.5 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$323,507, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,990,731, \$2,092,209, and \$2,058,883, respectively; 70.7 percent has been contributed for fiscal years 2000 and 100 percent for fiscal years 1999 and 1998. \$583,134, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

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

9. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. 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.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

9. POST-EMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2000, the allocation rate is 8.50 percent, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000, the minimum has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000. For the School District, the portion of the employer contributions that were used to fund post-employment benefits, including surcharge, equaled \$363,024 during the 2000 fiscal year.

B. State Teachers Retirement System

State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (R.C.), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R. C. grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of the covered payroll.

The Retirement Board allocates employer contributions equal to 8 percent of the covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the District, this amount equaled \$1,104,859 during 2000.

The balance in the Health Care Reserve Fund was \$2,783 million on June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

10. SELF INSURANCE FUND

The District provides health care coverage for its employees and is self insured up to a stop loss limit of \$50,000 per employee for the cost of providing this coverage. This activity is accounted for in the General, Special Revenue, and Proprietary Funds. Paid claims are recorded as an expenditure/expense in the respective funds based on a per employee charge. For reporting purposes, this activity has been reclassified to the Employee Health Insurance Fund within the Internal Service Fund.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

10. SELF INSURANCE FUND (Continued)

Expenses for claims are recorded as other expenditures/expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on past experience and large outstanding balances. The liability at June 30, 2000, is not discounted. An actuary was used in determining this liability.

A summary of changes in self-insured claims for the year ended June 30, 2000, follows:

	<u>Internal Service Fund</u>
Claims liability at June 30, 1998	\$ 607,262
Claims incurred	2,044,177
Claims paid	<u>(2,245,465)</u>
Claims liability at June 30, 1999	\$ 405,974
Claims incurred	2,063,079
Claims paid	<u>(2,196,553)</u>
Claims liability at June 30, 2000	<u>\$ 272,500</u>

11. RISK MANAGEMENT

The District covers the remainder of its risk (property, liability, etc.) through commercial insurance. There were no significant changes in coverages, retentions or limits during the fiscal year. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

12. OPERATING LEASES

The District leases office equipment under non-cancellable operating leases. Total costs for such leases were \$22,381 for the year ended June 30, 2000. The future minimum lease payments as of June 30, 2000, are as follows:

<u>Year Ending June 30</u>	<u>Amounts</u>
2001	\$24,146
2002	<u>12,355</u>
Total	<u>35,501</u>

13. SHORT-TERM OBLIGATIONS

On January 5, 1999, the District issued a \$1,644,016 Property Tax Anticipation Note at an interest rate of 6.325%. This note matured and was paid, including interest expense of \$84,896.53 on October 31, 1999. The interest expense for the fiscal year 2000 was \$34,471.41.

When the proceeds from these borrowed funds were not being used, they were invested in a certificate of deposit at an interest rate of 7.325%. The interest income from this investment for the fiscal year 2000 was \$40,251.36.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

14. LONG TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 2000, follows:

	Balance June 30, 1999	Additions	Deletions	Balance June 30, 2000
General long-term debt account group:				
Accrued wages and benefits	<u>\$3,312,760</u>	<u>\$ 0</u>	<u>(\$580,413)</u>	<u>\$2,732,347</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. The unvoted net debt at June 30, 2000, was 0%. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2000, the District had no debt. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Miami County and the City of Troy. As of June 30, 2000, these entities have complied with the requirement that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

Additions and deletions of accrued wages and benefits are shown net since it is impractical for the District to determine these amounts separately. The criteria for determining vested vacation and sick leave components are derived from Board policy, negotiated agreements, state statutes, and contracts with individual employees. Accumulated vacation and sick leave of governmental fund type employees meeting the eligibility requirements have been recorded in the appropriate governmental fund as a current liability to the extent that amounts are expected to be payable within the current period. The balance of the liability is recorded in the General Long-Term Obligations. Vacation and sick leave for employees paid from the Proprietary Funds are recorded as an expense when earned.

15. OPERATING GRANTS

The District receives certain Federal and State operating grants which remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's administration believes such disallowances, if any, would be immaterial.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The more significant financial data for the District's Enterprise Funds for the year ended June 30, 2000, is as follows:

	Food Service Fund	Hayner Cultural Center Fund	Uniform School Supply Fund	Total
Operating revenues	\$988,514	\$43,489	\$43,691	\$1,075,694
Operating expenses	1,282,497	341,546	42,823	1,666,866
Depreciation	<u>0</u>	<u>22,226</u>	<u>0</u>	<u>22,226</u>
Operating income	(293,983)	(320,283)	868	(613,398)
Non-operating revenues and expenses:				
Property taxes	0	328,779	0	328,779
Operating grants	346,053	12,900	0	358,953
Interest	1,872	2,321	0	4,193
Other net	<u>0</u>	<u>32,595</u>	<u>0</u>	<u>32,595</u>
Net income (loss)	<u>\$53,942</u>	<u>\$56,312</u>	<u>\$868</u>	<u>\$111,122</u>
Additions to fixed assets	<u>\$1,171</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,171</u>
Net working capital	(<u>\$74,258</u>)	<u>\$329,344</u>	<u>\$10,382</u>	<u>\$265,468</u>
Total assets	<u>\$164,658</u>	<u>\$998,088</u>	<u>\$15,696</u>	<u>\$1,178,442</u>
Total fund equity	(<u>\$57,350</u>)	<u>\$608,237</u>	<u>\$10,382</u>	<u>\$561,269</u>

17. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Cooperative (SOEPC) - SOEPC is a purchasing cooperative made up of nearly one hundred school districts in twelve counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges and assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district. Payments to SOEPC are made from the General (Governmental) Fund. An annual membership fee of \$2,191.60 is assessed to the district.

The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA), which is a data acquisition site used by the School District. MDECA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member districts. The Board of MDECA consists of one representative from each of the participating members. Complete financial statements can be obtained from MDECA located in Dayton, Ohio.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

18. SCHOOL FUNDING COURT DECISION

On March 27, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$8,100,166 of school foundation support for its general fund.

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

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

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

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

The 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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and instructional materials, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

19. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$ 0	\$ 0	\$326,454
Current year set-aside requirement	660,183	660,183	220,060
Current year offsets	0	0	0
Qualifying disbursements	<u>(675,330)</u>	<u>(847,849)</u>	<u>0</u>
Set-aside Cash Balance as of June 30, 2000	<u>(\$15,147)</u>	<u>(\$187,666)</u>	<u>\$546,514</u>
Total Restricted Assets			<u>\$546,514</u>

The District had additional offsets and qualifying disbursements during the year in the textbook set-aside that may be used to reduce the set-aside requirements of future years. The District also had additional offsets and qualifying disbursements during the year in the Capital Acquisition set-aside that may not be used to reduce the set-aside requirements of future years.

TROY CITY SCHOOL DISTRICT
MIAMI COUNTY

SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2000

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed through Ohio Department of Education)</i>						
Nutrition Cluster: Food Distribution Program	Not Available	10.550	\$0	\$60,518	\$0	\$59,775
School Breakfast Program	05-PU-99 05-PU-00	10.553	11,316 34,895 <u>46,211</u>		11,316 34,895 <u>46,211</u>	
National School Lunch Program	03&04-PU-99 03&04-PU-00	10.555	65,345 195,691 <u>261,036</u>		65,345 195,691 <u>261,036</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>307,247</u>	<u>60,518</u>	<u>307,247</u>	<u>59,775</u>
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed through Ohio Department of Education)</i>						
Special Education Grants to States (IDEA PartB)	6B-SF-00	84.027	243,987		243,013	
Title I, Grants to Local Education Agencies	C1-S1-99 C1-S1-00 C1-SD-00	84.010	356,794 19,251 <u>376,045</u>		5,024 341,025 <u>346,049</u>	
Total Title I, Grants to Local Education Agencies			<u>376,045</u>		<u>363,147</u>	
Immigration Education	Not Available	84.162	3,213		362	
Eisenhower Professional Development	MS-S1	84.281	5,591		20,254	
Title VI, Innovative Education Strategy	C2-S1	84.298	29,438		32,031	
GOALS 2000	G2-S4 G2-S2	84.276	2,780		5,398 <u>11,000</u>	
Total GOALS 2000			<u>2,780</u>		<u>16,398</u>	
Title VI-R Class Size Reduction	CR-S1	84.340	72,330		59,179	
Technology Literacy Challenge	TF-33	84.318	<u>220,277</u>		<u>307,777</u>	
Total U.S. Department of Education			<u>953,661</u>		<u>1,042,161</u>	
Total Federal Assistance			<u><u>1,260,908</u></u>	<u><u>60,518</u></u>	<u><u>1,349,408</u></u>	<u><u>59,775</u></u>

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

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures (the schedule) is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - NATIONAL SCHOOL LUNCH PROGRAMS

Federal funds received for the National School Lunch Program are commingled with state subsidy and local revenue from the sales of lunches. It was assumed that federal dollars were expended first.

NOTE C - FOOD DISTRIBUTION

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Troy City School District
Miami County
500 North Market Street
Troy, Ohio 45373

To the Board of Education:

We have audited the financial statements of Troy City School District, Miami County, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated February 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 16, 2001.

Troy City School District
Miami County
Report of Independent Accountants 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, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 16, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Troy City School District
Miami County
500 North Market Street
Troy, Ohio 45373

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

Jim Petro
Auditor of State

February 16, 2001

**TROY CITY SCHOOL DISTRICT
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Technology Literacy Challenge Grant - CFDA 84.318 Title I - CFDA 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

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TROY CITY SCHOOL DISTRICT

MIAMI 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
MARCH 13, 2001**