



**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Van Wert City School District
Van Wert County
641 North Jefferson Street
Van Wert, Ohio 45891

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 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

January 19, 2001

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Cash and Cash Equivalents	\$ 2,091,918	\$ 178,100	\$0	\$ 187,671
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Investments in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	6,457,845	0	0	433,156
Accounts	8,055	562	0	0
Accrued Interest	0	0	0	0
Interfund Receivable	485,902	0	0	0
Advances from Other Funds	475,000	0	0	0
Prepaid Items	22,220	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Cash	168,682	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets and Other Debits	<u>\$ 9,709,622</u>	<u>\$ 178,662</u>	<u>\$ 0</u>	<u>\$ 620,827</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$ 366	\$ 815	\$0	\$0
Contracts Payable	0	0	0	55,985
Accrued Salaries and Benefits	1,144,974	55,792	0	0
Due to Students	0	0	0	0
Compensated Absences Payable	7,890	0	0	0
Interfund Payable	0	0	0	475,000
Advance Due to Other Fund	0	0	0	475,000
Intergovernmental Payable	174,515	6,868	0	0
Undistributed Monies	0	0	0	0
Deferred Revenue	5,776,515	0	0	387,210
	<u>7,104,260</u>	<u>63,475</u>	<u>0</u>	<u>1,393,195</u>
Total Liabilities	<u>7,104,260</u>	<u>63,475</u>	<u>0</u>	<u>1,393,195</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	25,424	22,621	0	52,816
Reserved for Bus Purchase	17,297	0	0	0
Reserved for Prepaid Items	22,220	0	0	0
Reserved for Advances	475,000	0	0	0
Reserved for Property Taxes	681,330	0	0	45,946
Reserved for Budget Stabilization	151,385	0	0	0
Reserved for Individual Investment Account	0	0	0	0
Reserved for Principal	0	0	0	0
Designated for Capital Improvements	5,320	0	0	0
Designated for Textbooks	10,639	0	0	0
Unreserved Fund Balance	1,216,747	92,566	0	(871,130)
	<u>2,605,362</u>	<u>115,187</u>	<u>0</u>	<u>(772,368)</u>
Total Fund Equity and Other Credits	<u>2,605,362</u>	<u>115,187</u>	<u>0</u>	<u>(772,368)</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 9,709,622</u>	<u>\$ 178,662</u>	<u>\$ 0</u>	<u>\$ 620,827</u>

The accompanying notes are an integral part of the financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 5,355	\$ 376,065	\$0	\$0	\$ 2,839,109
0	67,440	0	0	67,440
0	811,546	0	0	811,546
0	0	0	0	6,891,001
0	9,307	0	0	17,924
0	51,085	0	0	51,085
0	0	0	0	485,902
0	0	0	0	475,000
0	0	0	0	22,220
23,067	0	0	0	23,067
0	0	0	0	168,682
161,659	0	11,920,019	0	12,081,678
0	0	0	1,465,268	1,465,268
<u>\$ 190,081</u>	<u>\$ 1,315,443</u>	<u>\$ 11,920,019</u>	<u>\$ 1,465,268</u>	<u>\$ 25,399,922</u>
\$0	\$ 120	\$0	\$0	\$ 1,301
0	0	0	0	55,985
35,195	5	0	0	1,235,966
0	80,492	0	0	80,492
32,754	0	0	1,388,639	1,429,283
10,000	902	0	0	485,902
0	0	0	0	475,000
21,475	0	0	76,629	279,487
0	2,392	0	0	2,392
9,478	0	0	0	6,173,203
108,902	83,911	0	1,465,268	10,219,011
0	0	11,920,019	0	11,920,019
189,802	0	0	0	189,802
(108,623)	0	0	0	(108,623)
0	4,283	0	0	105,144
0	0	0	0	17,297
0	0	0	0	22,220
0	0	0	0	475,000
0	0	0	0	727,276
0	0	0	0	151,385
0	930,071	0	0	930,071
0	108,680	0	0	108,680
0	0	0	0	5,320
0	0	0	0	10,639
0	188,498	0	0	626,681
81,179	1,231,532	11,920,019	0	15,180,911
<u>\$ 190,081</u>	<u>\$ 1,315,443</u>	<u>\$ 11,920,019</u>	<u>\$ 1,465,268</u>	<u>\$ 25,399,922</u>

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND 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 (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$ 6,279,688	\$0	\$0	\$ 423,948	\$0	\$ 6,703,636
Tuition and Fees	91,002	0	0	0	72	91,074
Intergovernmental	6,787,278	651,844	0	48,058	0	7,487,180
Interest	187,645	203	0	0	3,716	191,564
Extracurricular Activities	0	109,697	0	0	0	109,697
Gifts and Donations	30,226	24,990	0	0	98,571	153,787
Customer Services	3,371	0	0	0	0	3,371
Miscellaneous	4,110	45,104	0	0	1,366	50,580
Total Revenues	13,383,320	831,838	0	472,006	103,725	14,790,889
Expenditures:						
Current:						
Instruction:						
Regular	6,913,508	164,792	0	0	68,579	7,146,879
Special	913,591	261,263	0	0	0	1,174,854
Vocational	114,128	0	0	0	0	114,128
Other	193,911	0	0	0	0	193,911
Support Services:						
Pupils	478,022	15,893	0	0	0	493,915
Instruction	601,699	114,485	0	0	0	716,184
Board of Education	22,012	0	0	0	0	22,012
Administration	1,212,370	17,188	0	0	0	1,229,558
Fiscal	372,718	1,651	0	12,155	0	386,524
Operation and Maintenance	1,247,890	1,034	0	146,637	0	1,395,561
Transportation	256,375	1,620	0	0	0	257,995
Central Services	42,982	32,290	0	0	0	75,272
Non-Instructional Services	0	42,982	0	0	14,046	57,028
Extracurricular Activities	213,888	142,402	0	0	2,653	358,943
Capital Outlay	0	0	0	710,397	0	710,397
Debt Service:						
Principal	0	0	37,000	0	0	37,000
Interest	0	0	1,226	0	0	1,226
Total Expenditures	12,583,094	795,600	38,226	869,189	85,278	14,371,387
Excess of Revenues Over (Under) Expenditures	800,226	36,238	(38,226)	(397,183)	18,447	419,502
Other Financing Sources (Uses):						
Operating Transfers in	0	0	38,226	200,000	0	238,226
Proceeds from Sale of Fixed Assets	425	0	0	0	0	425
Operating Transfers Out	(238,226)	0	0	0	0	(238,226)
Total Other Financing Sources (Uses)	(237,801)	0	38,226	200,000	0	425
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	562,425	36,238	0	(197,183)	18,447	419,927
Fund Balances (Deficits) at Beginning of Year	2,042,937	78,949	0	(575,185)	152,314	1,699,015
Fund Balances (Deficits) at End of Year	<u>\$ 2,605,362</u>	<u>\$ 115,187</u>	<u>\$ 0</u>	<u>\$ (772,368)</u>	<u>\$ 170,761</u>	<u>\$ 2,118,942</u>

The accompanying notes are an integral part of the financial statements.

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

	Governmental Fund Type					
	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 6,179,928	\$ 6,179,928	\$0	\$0	\$0	\$0
Tuition and Fees	94,939	99,260	4,321	0	0	0
Intergovernmental	6,790,808	6,788,008	(2,800)	639,866	639,866	0
Interest	180,052	180,182	130	185	204	19
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	109,697	109,697	0
Gifts and Donations	30,226	30,226	0	24,790	24,790	0
Customer Services	3,188	3,203	15	0	0	0
Miscellaneous	5,322	5,322	0	44,742	44,742	0
Total Revenues	13,284,463	13,286,129	1,666	819,280	819,299	19
Expenditures:						
Current:						
Instruction:						
Regular	7,166,112	7,078,996	87,116	150,435	149,349	1,086
Special	955,197	945,169	10,028	279,233	242,867	36,366
Vocational	108,031	116,577	(8,546)	0	0	0
Other	220,368	204,125	16,243	0	0	0
Support Services:						
Pupils	494,338	489,126	5,212	13,298	15,920	(2,622)
Instruction	607,606	622,204	(14,598)	111,305	106,103	5,202
Board of Education	39,825	21,719	18,106	0	0	0
Administration	1,255,205	1,234,200	21,005	20,312	17,194	3,118
Fiscal	405,627	372,350	33,277	1,500	1,640	(140)
Business	0	0	0	0	0	0
Operation and Maintenance	1,403,355	1,246,949	156,406	1,037	1,037	0
Transportation	275,077	262,445	12,632	1,616	1,616	0
Central Services	73,375	77,984	(4,609)	63,986	58,533	5,453
Non-Instructional Services	0	0	0	59,597	43,352	16,245
Extracurricular Activities	213,812	214,218	(406)	169,444	155,633	13,811
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Total Expenditures	13,217,928	12,886,062	331,866	871,763	793,244	78,519
Excess of Revenues Over (Under) Expenditures	66,535	400,067	333,532	(52,483)	26,055	78,538
Other Financing Sources (Uses):						
Advances In	231,000	231,000	0	0	0	0
Transfers In	0	0	0	0	0	0
Refund of Prior Year Expenditures	49,640	49,863	223	1,224	1,224	0
Proceed from Sale of Fixed Assets	425	425	0	0	0	0
Transfers Out	(238,226)	(238,226)	0	0	0	0
Advances Out	(532,000)	(500,000)	32,000	0	0	0
Total Other Financing Sources (Uses)	(489,161)	(456,938)	32,223	1,224	1,224	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(422,626)	(56,871)	365,755	(51,259)	27,279	78,538
Fund Balances (Deficit) at Beginning of Year	2,239,126	2,239,126	0	95,623	95,623	0
Prior Year Encumbrances Appropriated	52,555	52,555	0	23,397	23,397	0
Fund Balances (Deficit) at End of Year	\$ 1,869,055	\$ 2,234,810	\$ 365,755	\$ 67,761	\$ 146,299	\$ 78,538

The accompanying notes are an integral part of the financial statements.

Governmental Fund Type						Fiduciary Fund Types			
Debt Service Fund			Capital Projects Funds			Expendable Trust Funds			
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$0	\$0	\$0	\$ 417,357	\$ 417,357	\$0	\$0	\$0	\$0	
0	0	0	0	0	0	0	0	0	
0	0	0	48,058	48,058	0	0	0	0	
0	0	0	0	0	0	3,716	3,716	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	98,571	98,571	0	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	1,366	1,366	0	
0	0	0	465,415	465,415	0	103,653	103,653	0	
0	0	0	0	0	0	76,886	70,984	5,902	
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	12,500	12,155	345	0	0	0	
0	0	0	0	0	0	0	0	0	
0	0	0	178,839	146,638	32,201	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	20,279	15,924	4,355	
0	0	0	0	0	0	2,842	2,653	189	
0	0	0	665,000	763,212	(98,212)	0	0	0	
37,000	37,000	0	0	0	0	0	0	0	
1,226	1,226	0	0	0	0	0	0	0	
38,226	38,226	0	856,339	922,005	(65,666)	100,007	89,561	10,446	
(38,226)	(38,226)	0	(390,924)	(456,590)	(65,666)	3,646	14,092	10,446	
0	0	0	500,000	500,000	0	0	0	0	
38,226	38,226	0	200,000	200,000	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	(325,000)	(200,000)	125,000	0	0	0	
38,226	38,226	0	375,000	500,000	125,000	0	0	0	
0	0	0	(15,924)	43,410	59,334	3,646	14,092	10,446	
0	0	0	30,083	30,083	0	148,058	148,058	0	
0	0	0	5,377	5,377	0	4,256	4,256	0	
\$ 0	\$ 0	\$ 0	\$ 19,536	\$ 78,870	\$ 59,334	\$ 155,960	\$ 166,406	\$ 10,446	

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**COMBINED STATEMENT OF REVENUE
EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$ 405,254	\$0	\$ 405,254
Interest	0	7,538	7,538
Contributions and Donations	0	300	300
Other Revenue	0	400	400
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	405,254	8,238	413,492
Operating Expenses:			
Salaries	234,407	0	234,407
Fringe Benefits	93,568	0	93,568
Purchased Services	8,813	0	8,813
Materials and Supplies	296,335	7,934	304,269
Depreciation	18,336	0	18,336
Capital Outlay	699	0	699
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	652,158	7,934	660,092
Operating Income (Loss)	<hr/> (246,904)	<hr/> 304	<hr/> (246,600)
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	49,808	0	49,808
Operating Grants	205,652	0	205,652
Interest	48	0	48
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues and (Expenses)	255,508	0	255,508
Net Income (Loss)	8,604	304	8,908
Retained Earnings (Deficit) at Beginning of Year	<hr/> (117,227)	<hr/> 130,396	<hr/> 13,169
Retained Earnings (Deficit) at End of Year	<hr/> (108,623)	<hr/> 130,700	<hr/> 22,077
Contributed Capital at Beginning of Year	147,864	0	147,864
Additions to Contributed Capital	<hr/> 41,938	<hr/> 0	<hr/> 41,938
Contributed Capital at Year End	<hr/> 189,802	<hr/> 0	<hr/> 189,802
Total Fund Equity at End of Year	<hr/> \$ 81,179	<hr/> \$ 130,700	<hr/> \$ 211,879

The accompanying notes are an integral part of the financial statements.

VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types Enterprise Funds			Fiduciary Fund Types Non-Expendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$ 405,218	\$ 405,254	\$ 36	\$0	\$0	\$ 0
Federal and State Subsidies	205,652	205,652	0	0	0	0
Interest	41	47	6	7,088	7,088	0
Gifts and Donations	0	0	0	300	300	0
Total Revenues	610,911	610,953	42	7,388	7,388	0
Expenses:						
Salaries	213,786	213,772	14	0	0	0
Fringe Benefits	118,944	118,328	616	0	0	0
Purchased Services	12,600	9,025	3,575	0	0	0
Materials and Supplies	248,435	248,004	431	6,880	4,934	1,946
Capital Outlay	800	699	101	0	0	0
Other	0	0	0	2,600	2,600	0
Total Expenses	594,565	589,828	4,737	9,480	7,534	1,946
Excess (Deficiency) of Revenues Over (Under) Expenses	16,346	21,125	4,779	(2,092)	(146)	1,946
Other Financing Sources (Uses):						
Advances Out	(31,000)	(31,000)	0	0	0	0
Total Other Financing Sources (Uses)	(31,000)	(31,000)	0	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses	(14,654)	(9,875)	4,779	(2,092)	(146)	1,946
Fund Balance Beginning of Year	15,230	15,230	0	129,516	129,516	0
Prior Year Encumbrances Appropriated	0	0	0	880	880	0
Fund Balance End of Year	\$ 576	\$ 5,355	\$ 4,779	\$ 128,304	\$ 130,250	\$ 1,946

The accompanying notes are an integral part of the financial statements.

VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u> <u>Nonexpendable Trust</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>		
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 405,254	\$ 7,388	\$ 412,642
Cash Payments to Suppliers for Goods and Services	(257,029)	(7,534)	(264,563)
Cash Payments to Employees for Services	(213,772)	0	(213,772)
Cash Payments for Employee Benefits	(118,328)	0	(118,328)
	<hr/>	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(183,875)	(146)	(184,021)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	205,652	0	205,652
Advances Out	(31,000)	0	(31,000)
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	174,652	0	174,652
Cash Flows from Capital and Related Financing Activities:			
Aquisition of Capital Assets	(699)	0	(699)
Cash Flows from Investing Activities:			
Cash Received from Interest	48	0	48
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,874)	(146)	(10,020)
Cash and Cash Equivalents at Beginning of Year	15,229	130,396	145,625
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents at End of Year	\$ 5,355	\$ 130,250	\$ 135,605
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (246,904)	\$ 304	\$ (246,600)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	18,336	0	18,336
Donated Commodities Used During Year	49,808	0	49,808
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable		(450)	(450)
(Increase)/Decrease in Materials and Supplies Inventory	1,061	0	1,061
Increase/(Decrease) in Accrued Salaries and Benefits	(8,325)	0	(8,325)
Increase/(Decrease) in Compensated Absences Payable	5,484	0	5,484
Increase/(Decrease) in Intergovernmental Payable	(1,284)	0	(1,284)
Increase/(Decrease) in Deferred Revenue	(2,051)	0	(2,051)
	<hr/>	<hr/>	<hr/>
Total Adjustments	63,029	(450)	62,579
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Operating Activities	\$ (183,875)	\$ (146)	\$ (184,021)
Reconciliation of Trust and Agency Funds:			
Cash and Cash Equivalents - All Fiduciary Funds	\$376,065		
Cash and Cash Equivalents - All Agency Funds	(75,054)		
Cash and Cash Equivalents - All Expendable Trust Funds	(170,761)		
Cash and Cash Equivalents - All Non-Expendable Trust Funds	\$130,250		
	<hr/>		

Non-Cash Transactions:

During fiscal year 2000, the Capital Project Funds purchased equipment for the Enterprise Fund. The total fair market value of the equipment was \$41,938.

The accompanying notes are an integral part of the financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGE IN NET ASSETS
FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Investment Trust Funds</u>
	<u>Individual Investment Account</u>
Revenues:	
Interest	\$51,085
Non-Operating Revenues:	
Distributions to Participants	(35,161)
Capital Transactions	<u>(324,673)</u>
Total Increase in Net Assets	(308,749)
Net Assets at Beginning of Year	<u>1,238,820</u>
Net Assets at End of Year	<u><u>\$930,071</u></u>

The accompanying notes are an integral part of the financial statements.

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Van Wert City 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 is located in a prosperous community within Van Wert County, consisting of residences and significant office and retail commercial development. The School District is the 217th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 83 non-certificated employees and 173 certificated full-time teaching personnel who provide services to 2,464 students and other community members.

The reporting entity is comprised of the primary government and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Van Wert City 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 organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with five organizations which are defined as jointly governed organizations and public entity risk pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Vantage Joint Vocational School, Northwest Ohio Area Cooperative Workers' Compensation Group Rating Plan, Van Wert Area Schools Consortium Local Professional Development Committee, and the Van Wert Area School Insurance Group (VWASIG). These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant of the School District's accounting policies are described below.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

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 governmental, proprietary, and fiduciary.

1. Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Types

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

Enterprise Funds

Enterprise funds are used to account for 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.

3. 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. The School District's fiduciary funds include expendable trust, nonexpendable trust, investment 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. Investment trust funds are accounted for on the accrual basis. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, investment trust 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 (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 appropriations 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 for the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

1. 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 Standard County Budget Commission for rate determination.

2. Estimated Resources

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations

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

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

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

4. 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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments

To improve cash management, all cash received by the School District, except for the VWASIG individual investment trust fund, is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. 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 balance sheet. During fiscal year 2000, investments were limited to certificates of deposit, repurchase agreements and STAR Ohio. All investments of the School District had a maturity of two years or less. Investments are stated at cost or amortized cost which approximates market. Investment earnings are allocated as authorized by State statute.

The School District has a segregated bank account for the individual investment account held separate from the School District's bank accounts. The depository account is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since it is not required to be deposited into the School District's treasury. Investments for the individual investment account are recorded as "Investments in Segregated Account".

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year 2000. 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.

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 the fiscal year 2000 amounted to \$187,645 which includes \$23, 567 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.

E. Inventory

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 the purchase and an expenditure/expense is reported in the year in which services are consumed.

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 statute to be set-aside by the School District to create a reserve for budget stabilization and for the purchase of a bus. See Note 21 for the calculation of the year-end restricted asset balance and the 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 fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two hundred and fifty dollars. The School District does not have any infrastructure.

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

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

I. Intergovernmental Revenues

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Public School Preschool
- Teacher Development
- Disadvantaged Pupil Impact Aid
- Chapter 1
- Title VI
- Title VI-B
- Eisenhower Math and Science Grant
- Professional Development Block Grant
- Drug Free

Capital Projects Funds

- School Net

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

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

Grants and Entitlements amounted to approximately 50% of the School District's operating revenues during the 2000 fiscal year.

J. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. 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. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

L. Accrued Liabilities and Long-Term Obligations

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

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

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. 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.

N. Contributed Capital

Contributed capital represents resources from other funds. These assets are recorded at their fair market value on the date contributed and are not subject to repayment.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Reserves and Designations

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepaid items, bus purchase, advances, property taxes, budget stabilization, principal and individual investment account. The reserve for budget stabilization represents money required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for individual investment account represents monies of the VWASIG individual investment trust fund that are invested by the School District.

The designation for textbooks and capital improvements in the general fund represents revenues set aside that exceed statutorily required amounts.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (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.

Q. 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 financial statements and accompanying notes. Actual results may differ from those estimates.

3. VAN WERT AREA SCHOOL INSURANCE GROUP

Effective July 1, 1999, the School District assumed the duties of fiscal agent for the Van Wert Area School Insurance Group (VWASIG) from the Western Buckeye Educational Service Center. The VWASIG is presented as an Individual Investment Trust Account - Fiduciary Fund Type and net assets as of July 1, 1999 are \$1,238,820.

4. ACCOUNTABILITY AND COMPLIANCE

The following funds had deficit fund balances/retained earnings at June 30, 2000:

Special Revenue Funds:

Auxiliary Fund	\$ 7,006
Teacher Development Fund	130
EMIS Fund	143
Miscellaneous State Grants Fund	2,789
Eisenhower Fund	11,384
Title VI-B Fund	18,288
Title I Fund	42,467
Title VI Fund	5,229
Title VI-B Preschool Fund	4,649

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

Miscellaneous Federal Grants Fund	6,720
Capital Projects Funds:	
Permanent Improvement Fund	747,918
SchoolNet Fund	24,450
Enterprise Funds:	
Lunchroom	108,623

The deficits resulted from the application of generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

5. 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 and Actual (Budget Basis) - All Governmental Fund Types and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Similar Fiduciary Funds 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 as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP basis - fund balance	\$2,605,362	\$115,187	\$ 0	\$ (772,368)	\$170,761
Adjustment for GAAP basis:					
Accrued revenues/prepaid expenses	(7,449,022)	(562)	0	(433,156)	(72)
Accrued expenditures/deferred revenue	7,104,260	63,475	0	1,393,195	0
Encumbrances outstanding (budget basis)	<u>(25,790)</u>	<u>(31,801)</u>	<u>0</u>	<u>(108,801)</u>	<u>(4,283)</u>
Budget basis - fund balance	<u>\$2,234,810</u>	<u>\$146,299</u>	<u>\$ 0</u>	<u>\$ 78,870</u>	<u>\$166,406</u>

	<u>Enterprise</u>	<u>Non-Expendable Trust</u>
GAAP basis - retained earnings	\$ 81,179	\$130,700
Adjustment for GAAP basis:		
Accrued revenues/prepaid expenses	(161,659)	(450)
Accrued expenses/deferred revenue	108,902	0
Inventory held for resale	<u>(23,067)</u>	<u>0</u>
Budget basis - fund balance	<u>\$ 5,355</u>	<u>\$130,250</u>

6. 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.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

6. DEPOSITS AND INVESTMENTS (Continued)

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 School 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 monies deposited with the institution.

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

1. United/States Treasury notes, bills bonds, or other obligations or security issued by the United States 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 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 securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

6. DEPOSITS AND INVESTMENTS (Continued)

At fiscal year end, the School District had \$4,380 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 following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits for the District - At fiscal year end, the carrying amount of the School District's deposits was \$1,272,179 and the bank balance was \$1,507,616. Of the bank balance, \$360,000 was covered by federal depository insurance and \$1,147,616 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Deposits for VWASIG - At fiscal year end, the carrying amount of the VWASIG's deposits was \$795,986 and the bank balance was \$939,302. Of the bank balance, \$451,470 was covered by federal depository insurance and \$487,832 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the name of VWASIG and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject VWASIG to a successful claim by the Federal Deposit Insurance Corporation.

Investments - Investments are required to be categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Van Wert City School District. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Van Wert City School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Van Wert City School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio Treasurer are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Category 3	Carrying Value	Fair Value
Repurchase Agreement			\$33,157	\$33,157	\$33,157
Repurchase Agreement (VWASIG)			83,000	83,000	83,000
Investments not subject to categorization:					
STAROhio				<u>1,698,075</u>	<u>1,698,075</u>
Total Investments				<u>\$1,814,232</u>	<u>\$1,814,232</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. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

6. DEPOSITS AND INVESTMENTS (Continued)

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$3,075,231	\$811,546
Cash on Hand	(4,380)	0
Certificates of Deposit	811,546	(811,546)
Repurchase Agreement	(83,000)	83,000
Repurchase Agreement	(33,157)	33,157
STAR Ohio	<u>(1,698,075)</u>	<u>1,698,075</u>
GASB Statement 3	<u>\$2,068,165</u>	<u>\$1,814,232</u>

7. INDIVIDUAL INVESTMENT ACCOUNT

Van Wert City Schools serves as fiscal agent for the Van Wert Area Schools Insurance Group (VWASIG), a legal separate entity. The School acquires specific investments on behalf of the VWASIG. Investments are limited to certificates of deposit and repurchase agreements which are valued at cost. All interest on these investments accrues to the benefit of the VWASIG. The individual investment account is not registered with the SEC as an investment company. The fair value of investments is determined annually.

8. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

The School District receives property taxes from Van Wert County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

8. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$681,330 in the General Fund and \$45,946 in the Capital Projects Fund.

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

	1999 Second-Half Collections		2000 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property				
Residential/Agricultural	\$107,875,940	54.89%	\$125,631,590	58.75%
Commercial/Industrial	38,474,820	19.58	38,432,230	17.97
Public Utilities	77,620	.03	66,210	.03
Tangible Personal Property				
General	39,553,412	20.12	40,090,700	18.75
Public Utilities	<u>10,565,740</u>	<u>5.38</u>	<u>9,621,100</u>	<u>4.50</u>
Total Valuation	<u>\$196,547,532</u>	<u>100.00%</u>	<u>\$213,841,830</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$50.30		\$49.60	

9. RECEIVABLES

Receivables at June 30, 2000 consisted of property taxes, accounts, interfund and accrued interest. All receivables are considered collectible in full. A summary of the receivables follows:

	Amounts
General Fund	
Taxes	\$6,457,845
Accounts	8,055
Special Revenue Funds	
Accounts	562
Capital Project Funds	
Taxes	433,156
Trust & Agency Funds	
Accounts	9,307
Accrued Interest	<u>51,085</u>
Total Receivables	<u>\$6,960,010</u>

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

10. FIXED ASSETS

A summary of the Proprietary Fund property, plant, and equipment at June 30, 2000, is as follows:

	<u>Balance June 30, 2000</u>
Furniture and Equipment	\$341,972
Less: Accumulated Depreciation to June 30, 2000	<u>(180,313)</u>
Net Fixed Assets - Proprietary Funds	<u><u>\$161,659</u></u>

A summary of the general fixed assets follows:

	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$ 476,097	\$512,569	\$ 0	\$ 0	\$ 988,666
Building	7,511,658	142,106	(276)	0	7,653,488
Furniture and Equipment	2,306,029	266,672	(37,091)	255	2,535,865
Vehicles	<u>747,672</u>	<u>12,658</u>	<u>(18,330)</u>	<u>0</u>	<u>742,000</u>
	11,041,456	934,005	(55,697)	255	11,920,019
Construction in Progress	<u>65,001</u>	<u>0</u>	<u>0</u>	<u>(65,001)</u>	<u>0</u>
Total	<u><u>\$11,106,457</u></u>	<u><u>\$934,005</u></u>	<u><u>\$(55,697)</u></u>	<u><u>\$(64,746)</u></u>	<u><u>\$11,920,019</u></u>

11. RISK MANAGEMENT

A. Public Liability

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with the Nationwide Insurance Company for property and general liability insurance and boiler and machinery insurance. Professional liability is protected by Nationwide Insurance Company with \$1,000,000 each occurrence, \$3,000,000 in annual aggregate limit.

Vehicles are also covered by Nationwide Insurance Company. Automobile liability has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. In addition, there is a \$2,000,000 umbrella liability policy which provides additional liability coverage to both the general liability policy and the auto policy.

Public officials bond insurance is provided by the Ohio Casualty Insurance Company, Purmort Brothers Agency, Van Wert, Ohio.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

11. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

C. Health Care Benefits

The District participates in the Van Wert Area School Insurance Group, a public entity shared risk pool consisting of five members. (See Note 19) Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the management and operation of the program. Upon withdrawal, the District is responsible for the payment of all of VWASIG liabilities to its employees, dependants, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all member's claims would be paid without regard to the member's account balance.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Van Wert City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634. Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$82,393, \$107,125, and \$133,227 respectively equal to the required contributions for each fiscal year.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The Van Wert City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. 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; 12 percent was the portion 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$443,630, \$415,923, and \$704,626 respectively, equal to the required contributions for each fiscal year.

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. The Board's liability is 6.2 percent of wages paid.

13. POST RETIREMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of June 30, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

For SERS, coverage is made available to service retirees with ten or more fiscal 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.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

13. POST RETIREMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The number of participants currently receiving health care benefits is 51,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984.

14. COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 195 days for all personnel. An additional 25 days over the 195 days can be accumulated and paid at retirement but not used for sick leave. Upon retirement, payment is made for 25.7% of accrued and any days accumulated over the 195 day limit not to exceed 25 days. A maximum of 75.12 days can be paid at retirement.

15. LONG-TERM OBLIGATIONS

Long-term obligations of the School District at June 30, 2000, consisted of the following:

	Principal Outstanding <u>6/30/99</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/00</u>
Energy Conservation Loan General Obligation Notes Interest Rate - 6.625%	\$ 37,000	\$ 0	\$ (37,000)	\$ 0
Intergovernmental Payable	80,315	76,629	(80,315)	76,629
Compensated Absences	<u>1,101,862</u>	<u>286,777</u>	<u>0</u>	<u>1,388,639</u>
Total General Long-Term Obligations	<u>\$1,219,177</u>	<u>\$363,406</u>	<u>\$(117,315)</u>	<u>\$1,465,268</u>

General obligation notes will be paid from the debt service fund. Compensated absences and intergovernmental payable will be paid from the fund which the person is paid.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

16. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000 consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivables</u>		<u>Payable</u>	
	<u>Interfund</u>	<u>Advances</u>	<u>Interfund</u>	<u>Advances</u>
General	\$485,902	\$475,000	\$ 0	\$ 0
Capital Project Funds	0	0	475,000	475,000
Enterprise Funds	0	0	10,000	0
Trust & Agency Funds	<u>0</u>	<u>0</u>	<u>902</u>	<u>0</u>
Total	<u>\$485,902</u>	<u>\$475,000</u>	<u>\$485,902</u>	<u>\$475,000</u>

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$363,765	\$41,489	\$405,254
Operating Expenses before Depreciation	591,512	42,310	633,822
Depreciation	18,336	0	18,336
Operating Income (Loss)	(246,083)	(821)	(246,904)
Donated Commodities	49,808	0	49,808
Operating Grants	205,652	0	205,652
Capital Contributions	41,938	0	41,938
Fixed Asset Additions	42,637	0	42,637
Interest	48	0	48
Net Income (Loss)	9,425	(821)	8,604
Net Working Capital	(47,726)	0	(47,726)
Total Assets	190,081	0	190,081
Total Equity	81,179	0	81,179

18. JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

18. JOINTLY GOVERNED ORGANIZATIONS (Continued)

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio.

Vantage Joint Vocational School - The Vantage Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vantage Joint Vocational School at 818 North Franklin Street, Van Wert, Ohio 45891.

Van Wert Area Schools Consortium Local Professional Development Committee - The School District is a participant in the Van Wert Area Schools Consortium Local Professional Development Committee (the Committee) which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by a board made up of one teacher from Crestview Local School District, one teacher from Lincolnview Local School District, two teachers from Van Wert City School District, three teachers from Vantage Joint Vocational School District, two teachers collectively from the Western Buckeye Educational Service Center and the Thomas Edison MRDD, and one principal from the schools of the Consortium with terms of three years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Van Wert City School District, 641 North Jefferson Street Van Wert.

19. GROUP PURCHASING POOLS

Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan - The District participates in a group rating plan (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Plan was established through the Northwest Ohio Area Computer Service Cooperative as a group insurance purchasing pool. The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to cover the costs of administering the program.

Van Wert Area School Insurance Group (VWASIG) - The School District is a member of the Van Wert Area School Insurance Group (VWASIG) a cooperative group of Van Wert County Schools established to provide a self-insurance fund to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Calends Inc. of Fort Wayne, Indiana. The fiscal records of the Pool are maintained and kept by the Van Wert City School District.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

20. 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 to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During fiscal year ended June 30, 2000, the School District received \$6,152,460 of 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 has 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding, for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took 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 dates 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.

21. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. For fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 1999	\$ 0	\$ 0	\$148,611	\$ 148,611
Required Set-Aside	302,881	302,881	0	605,762
WC Rebate for FY '00	0	0	2,774	2,774
Offset Credits	0	(414,587)	0	(414,587)
Qualifying Expenditures	<u>(371,782)</u>	<u>(341,521)</u>	<u>0</u>	<u>(713,303)</u>
Total	<u>\$ (68,901)</u>	<u>\$ (453,227)</u>	<u>\$151,285</u>	<u>\$ (370,743)</u>
Cash balance carried forward to following year 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$151,385</u>	151,385
Amount restricted for bus purchase				<u>17,297</u>
Total Restricted Cash				<u>\$168,682</u>

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

21. STATUTORY RESERVES (Continued)

The School District had qualifying disbursements during the year that reduced the set-aside amounts below zero. For capital acquisitions, the extra amount may not be used to reduce the set-aside requirements of future years. However, revised code 3315.17 allows for the extra amount to carryover into future years for textbooks.

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, 2000.

B. Litigation

The School District is of the opinion that any current or future claims will either result in a favorable outcome or be covered by current insurance policies, so as not to materially affect the overall financial position of the School District.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
School Breakfast Program	044966 05-PU	10.553	\$20,831	\$0	\$20,831	\$0
National School Lunch Program (B)	044966 03 & 04 -PU	10.555	173,551	0	173,551	0
Food Distribution	N/A	10.550	0	49,219	0	51,271
Total U.S. Department of Agriculture - Nutrition Cluster			194,382	49,219	194,382	51,271
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed through Ohio Department of Mental Retardation and Developmental Disabilities)						
Medical Assistance Program	8100156	93.778	21,109	0	21,109	0
Total U.S. Department of Health and Human Services			21,109	0	21,109	0
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Special Education Cluster:						
Special Education_Grants to States	044966-6B-SF99P	84.027	138,960	0	122,614	0
Total			138,960	0	122,614	0
Special Education_Preschool Grants	044966PG-S1 99P	84.173	0	0	2,508	0
Special Education_Preschool Grants	044966PG-S1 00P	84.173	13,231	0	13,231	0
Total			13,231	0	15,739	0
Total Special Education Cluster			152,191	0	138,353	0
Title I Grants to Local Educational Agencies	044966 C1-S1 99	84.010	14,572	0	32,755	0
Title I Grants to Local Educational Agencies	044966 C1-S1 99C	84.010	10,141	0	10,141	0
Title I Grants to Local Educational Agencies	044966 C1-S1 00	84.010	158,668	0	133,241	0
Total			183,381	0	176,137	0
Goals 2000_State and Local Education Systemic Improvement	044966 G2-S3 99	84.276	0	0	3,887	0
Goals 2000_State and Local Education Systemic Improvement	044966 G2-S2 99	84.276	0	0	11,290	0
Total			0	0	15,177	0
Eisenhower Professional Development State Grants	044966-MS-S1 98	84.281	0	0	1,078	0
Eisenhower Professional Development State Grants	044966-MS-S1 99	84.281	0	0	2,825	0
Total			0	0	3,903	0
Class Size Reduction Subsidy	044966 CR-S1-00	84.340	32,089	0	32,089	0
Total			32,089	0	32,089	0
Technology Literacy Challenge Fund Grant	044966-TF-VM-00P	84.318	27,000	0	27,000	0
Total			27,000	0	27,000	0
Innovative Education Program Strategies	044966 C2-S1 99C	84.298	1,710	0	5,708	0
Total			1,710	0	5,708	0
Total U.S. Department of Education			396,371	0	398,367	0
Total Federal Assistance			\$611,862	\$49,219	\$613,858	\$51,271

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

NOTE A –SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had \$9,478 in donated food commodity inventory.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on the Schedule.

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

Van Wert City School District
Van Wert County
641 North Jefferson Street
Van Wert, Ohio 45891

To the Board of Education:

We have audited the financial statements of Van Wert City School District, Van Wert County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 19, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2000-10281-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 19, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 January 19, 2001.

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

January 19, 2001



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

Van Wert City School District
Van Wert County
641 North Jefferson Street
Van Wert, Ohio 45891

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

January 19, 2001

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster: CFDA#'s 10.553, 10.555, 10.550
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY

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

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

Finding Number	2000-10281-001
-----------------------	----------------

Finding for Recovery Repaid Under Audit

The District paid for services rendered by Bebout & Houg Roofing & Siding, Inc. in the amount of \$146,168.10; however, the contract totaled on \$139,968.10, resulting in an overpayment to Bebout & Houg Roofing & Siding, Inc. of \$6,200.

In accordance with the foregoing facts, and pursuant to Ohio Rev Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Bebout & Houg Roofing & Siding, Inc. in the amount of \$6,200 in favor of the Permanent Improvement Fund.

This amount was repaid by Bebout & Houg Siding & Roofing, Inc. on December 20, 2000 per receipt number 34651.

3. FINDINGS FOR FEDERAL AWARDS

None

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-10281-001	Ohio Rev. Code 117.28 - Overpayment of severance pay to District employee	Yes	



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VAN WERT CITY SCHOOL DISTRICT

VAN WERT 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
FEBRUARY 15, 2001**