



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

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**STATE OF OHIO**



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Mississinawa Valley Local School District  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Mississinawa Valley Local School District, Darke County, (the School District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Mississinawa Valley Local School District, Darke County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2001, the School District adopted Governmental Accounting Statements No. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2002, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the School District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information 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 22, 2002

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**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$367,386	\$227,214	\$84,297	\$7,209,530
Cash and Cash Equivalents:				
In Segregated Accounts		2,000		
With Fiscal Agents		2,999		
Receivables:				
Property and Other Taxes	943,253		187,012	86,848
Income Taxes	223,003			
Accounts	4,321			
Intergovernmental		67,195		4,294,113
Accrued Interest	2,037			
Interfund	598			
Due From Other Funds				
Prepaid Items	17,613			20,387
Inventory Held for Resale				
Inventory of Supplies and Materials	36,523			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	172,087			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount to be Provided for Retirement of General Long-Term Obligations				
Total Assets and Other Debits	1,766,821	299,408	271,309	11,610,878
 <b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts Payable	34,063	10,926		17,564
Contracts Payable				1,599,688
Retainage Payable				146,507
Accrued Wages and Benefits Payable	428,548	41,512		
Due to Other Funds		3,195		
Interfund Payable		598		
Intergovernmental Payable	106,206	7,562		100
Due to Students				
Deferred Revenue	851,825	57,509	161,746	4,068,214
Compensated Absences Payable	5,022			
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	1,425,664	121,302	161,746	5,832,073
 <b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	10,564	19,314		1,671,575
Reserved for Inventory of Supplies and Materials	36,523			
Reserved for Property Taxes	123,636		25,266	11,305
Reserved for Budget Stabilization	15,614			
Reserved for Textbooks & Instructional Materials	117,176			
Reserved for Bus Purchases	39,297			
Reserved for Donations for Endowments				
Unreserved:				
Designated for Textbooks and Instructional Materials	26,033			
Undesignated (Deficit)	(27,686)			
Total Fund Equity and Other Credits	341,157	178,106	109,563	5,778,805
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$1,766,821</b>	<b>\$299,408</b>	<b>\$271,309</b>	<b>\$11,610,878</b>

See Accompanying Notes to the General Purpose Financial Statements.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$87,953	\$449,338			\$8,425,718
				2,000
				2,999
				1,217,113
				223,003
6,946				11,267
				4,361,308
				2,037
				598
3,195				3,195
				38,000
1,911				1,911
796				37,319
				172,087
6,217		9,313,536		9,319,753
			109,563	109,563
			2,180,144	2,180,144
<u>107,018</u>	<u>449,338</u>	<u>9,313,536</u>	<u>2,289,707</u>	<u>26,108,015</u>
1,839	1,646			66,038
				1,599,688
				146,507
17,126				487,186
				3,195
				598
18,090			35,739	167,697
	38,462			38,462
984				5,140,278
11,020			263,880	279,922
			117,824	117,824
			1,872,264	1,872,264
<u>49,059</u>	<u>40,108</u>		<u>2,289,707</u>	<u>9,919,659</u>
		9,313,536		9,313,536
57,959				57,959
				1,701,453
				36,523
				160,207
				15,614
				117,176
				39,297
	373,584			373,584
				26,033
	35,646			4,346,974
<u>57,959</u>	<u>409,230</u>	<u>9,313,536</u>		<u>16,188,356</u>
<u>\$107,018</u>	<u>\$449,338</u>	<u>\$9,313,536</u>	<u>\$2,289,707</u>	<u>\$26,108,015</u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE 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, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Revenues:</b>						
Property and Other Taxes	\$927,504		\$175,418	\$85,214		\$1,188,136
Income Taxes	510,080					510,080
Tuition and Fees	101,610					101,610
Interest	64,829		889	181,794		247,512
Intergovernmental	2,878,973	441,889	22,431	8,027,239		11,370,532
Extracurricular Activities		92,749				92,749
Miscellaneous	17,526					17,526
<b>Total Revenues</b>	<b>4,500,522</b>	<b>534,638</b>	<b>198,738</b>	<b>8,294,247</b>		<b>13,528,145</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,814,103	72,627		64,139		1,950,869
Special	457,610	185,924				643,534
Vocational	143,424	2,671				146,095
Support Services:						
Pupils	86,585	37,122			20	123,727
Instructional Staff	231,507	120,628		5,289		357,424
Board of Education	6,476					6,476
Administration	482,328	45,177				527,505
Fiscal	134,892	2,107	3,703	2,265		142,967
Business	1,332					1,332
Operation and Maintenance of Plant	378,233	220		47,705		426,158
Pupil Transportation	297,252	1,526		75		298,853
Central	16,852			3,385		20,237
Extracurricular Activities	97,246	57,839				155,085
Capital Outlay	16,965			4,709,337		4,726,302
Debt Service:						
Principal Retirement	43,360		105,000	1,970,000		2,118,360
Interest and Fiscal Charges	7,676		101,975	46,820		156,471
<b>Total Expenditures</b>	<b>4,215,841</b>	<b>525,841</b>	<b>210,678</b>	<b>6,849,015</b>	<b>20</b>	<b>11,801,395</b>
Excess of Revenues Over (Under) Expenditures	284,681	8,797	(11,940)	1,445,232	(20)	1,726,750
<b>Other Financing Sources:</b>						
Proceeds from Sale of Fixed Assets	700					700
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	285,381	8,797	(11,940)	1,445,232	(20)	1,727,450
Fund Balances at Beginning of Year - Restated (Note 3)	50,615	169,309	121,503	4,333,573	1,446	4,676,446
Increase in Reserve for Inventory	5,161					5,161
<b>Fund Balances at End of Year</b>	<b>\$341,157</b>	<b>\$178,106</b>	<b>\$109,563</b>	<b>\$5,778,805</b>	<b>\$1,426</b>	<b>\$6,409,057</b>

See Accompanying Notes to the General Purpose Financial Statements.

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**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE 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, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property and Other Taxes	\$933,067	\$913,595	(\$19,472)			
Income Taxes	340,710	426,918	86,208			
Tuition and Fees	91,565	112,132	20,567			
Interest	72,095	61,251	(10,844)			
Intergovernmental	2,966,434	2,879,123	(87,311)	443,228	442,465	(763)
Extracurricular Activities				92,749	92,749	
Miscellaneous	5,000	5,013	13			
<b>Total Revenues</b>	<u>4,408,871</u>	<u>4,398,032</u>	<u>(10,839)</u>	<u>535,977</u>	<u>535,214</u>	<u>(763)</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,820,384	1,795,590	24,794	87,948	83,156	4,792
Special	452,155	441,313	10,842	284,070	185,727	98,343
Vocational	146,061	145,074	987	10,282	7,003	3,279
Other	25,000	14,084	10,916	13,000	1,060	11,940
Support Services:						
Pupils	102,537	88,570	13,967	50,622	31,460	19,162
Instructional Staff	229,962	225,639	4,323	127,182	90,738	36,444
Board of Education	7,885	6,763	1,122			
Administration	493,119	485,319	7,800	58,109	45,970	12,139
Fiscal	136,557	123,956	12,601	3,531	2,107	1,424
Business	5,375	4,925	450			
Operation and Maintenance of Plant	421,532	394,907	26,625	250	220	30
Pupil Transportation	342,230	321,597	20,633	4,735	1,526	3,209
Central	15,950	15,659	291	98	0	98
Extracurricular Activities	107,775	97,439	10,336	88,851	57,280	31,571
Capital Outlay	17,365	16,965	400			
Debt Service:						
Principal Retirement	43,360	43,360				
Interest and Fiscal Charges	7,700	7,676	24			
<b>Total Expenditures</b>	<u>4,374,947</u>	<u>4,228,836</u>	<u>146,111</u>	<u>728,678</u>	<u>506,247</u>	<u>222,431</u>
Excess of Revenues Over (Under) Expenditures	33,924	169,196	135,272	(192,701)	28,967	221,668
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	2,736	12,874	10,138			
Proceeds from Sale of Fixed Assets		700	700			
Advances-In	2,482	2,482		598	598	
Advances-Out	(10,000)	(598)	9,402	(2,482)	(2,482)	
<b>Total Other Financing Sources (Uses)</b>	<u>(4,782)</u>	<u>15,458</u>	<u>20,240</u>	<u>(1,884)</u>	<u>(1,884)</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	29,142	184,654	155,512	(194,585)	27,083	221,668
Fund Balances at Beginning of Year	239,851	239,851		163,470	163,470	
Prior Year Encumbrances Appropriated	22,974	22,974		12,774	12,774	
<b>Fund Balances (Deficits) at End of Year</b>	<u>\$291,967</u>	<u>\$447,479</u>	<u>\$155,512</u>	<u>(\$18,341)</u>	<u>\$203,327</u>	<u>\$221,668</u>

See Accompanying Notes to the General Purpose Financial Statements.

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)
\$169,354	\$169,354		\$85,988	\$83,953	(\$2,035)			
896	896		172,490	172,490		9	9	
22,431	22,431		7,725,766	7,725,797	31			
<u>192,681</u>	<u>192,681</u>		<u>7,984,244</u>	<u>7,982,240</u>	<u>(2,004)</u>	<u>9</u>	<u>9</u>	
			81,522	81,902	(380)			
			6,941	6,752	189	1,000	20	980
4,500	3,703	797	2,625	2,265	360			
			103,362	76,715	26,647			
			500	225	275			
			4,615	4,615				
			6,133,068	5,832,136	300,932			
105,000	105,000		1,970,000	1,970,000				
101,975	101,975		46,820	46,820				
<u>211,475</u>	<u>210,678</u>	<u>797</u>	<u>8,349,453</u>	<u>8,021,430</u>	<u>328,023</u>	<u>1,000</u>	<u>20</u>	<u>980</u>
<u>(18,794)</u>	<u>(17,997)</u>	<u>797</u>	<u>(365,209)</u>	<u>(39,190)</u>	<u>326,019</u>	<u>(991)</u>	<u>(11)</u>	<u>980</u>
			645	645				
			<u>645</u>	<u>645</u>				
(18,794)	(17,997)	797	(364,564)	(38,545)	326,019	(991)	(11)	980
102,294	102,294		4,385,892	4,385,892		1,446	1,446	
			60,693	60,693				
<u>\$83,500</u>	<u>\$84,297</u>	<u>\$797</u>	<u>\$4,082,021</u>	<u>\$4,408,040</u>	<u>\$326,019</u>	<u>\$455</u>	<u>\$1,435</u>	<u>\$980</u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCES  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$153,871		\$153,871
Interest		20,238	20,238
Total Operating Revenues	<u>153,871</u>	<u>20,238</u>	<u>174,109</u>
<b>Operating Expenses:</b>			
Salaries and Wages	98,962		98,962
Fringe Benefits	39,299		39,299
Purchased Services	4,171		4,171
Supplies and Materials	4,616		4,616
Cost of Sales	117,268		117,268
Other Operating Expenses	5,431	17,125	22,556
Depreciation	981		981
Total Operating Expenses	<u>270,728</u>	<u>17,125</u>	<u>287,853</u>
Operating Income (Loss)	<u>(116,857)</u>	<u>3,113</u>	<u>(113,744)</u>
<b>Non-Operating Revenues:</b>			
Interest	454		454
Federal and State Subsidies	99,532		99,532
Federal Donated Commodities	13,009		13,009
Total Non-Operating Revenues	<u>112,995</u>		<u>112,995</u>
Net Income (Loss)	(3,862)	3,113	(749)
Retained Earnings/Fund Balances at Beginning of Year	<u>61,821</u>	<u>404,682</u>	<u>466,503</u>
<b>Retained Earnings/Fund Balances at End of Year</b>	<u><u>\$57,959</u></u>	<u><u>\$407,795</u></u>	<u><u>\$465,754</u></u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Funds			Nonexpendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales	\$150,474	\$149,423	(\$1,051)			
Federal and State Subsidies	99,532	99,532				
Interest	392	392		20,306	20,306	
<b>Total Revenues</b>	250,398	249,347	(1,051)	20,306	20,306	
<b>Expenses:</b>						
Salaries and Wages	91,625	96,677	(5,052)			
Fringe Benefits	36,070	35,031	1,039			
Purchased Services	4,709	4,354	355			
Supplies and Materials	122,761	107,053	15,708			
Other Operating Expenses	5,550	5,437	113	18,150	17,125	1,025
Capital Outlay	4,750		4,750			
<b>Total Expenses</b>	265,465	248,552	16,913	18,150	17,125	1,025
Excess of Revenues Over (Under) Expenses	(15,067)	795	15,862	2,156	3,181	1,025
Fund Equity at Beginning of Year	86,444	86,444		403,240	403,240	
Prior Year Encumbrances Appropriated	420	420				
<b>Fund Equity at End of Year</b>	\$71,797	\$87,659	\$15,862	\$405,396	\$406,421	\$1,025

*See Accompanying Notes to the General Purpose Financial Statements.*

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Total (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Nonexpendable Trust</b>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$149,423		\$149,423
Cash Payments for Employee Services and Benefits	(131,708)		(131,708)
Cash Payments to Suppliers for Goods and Services	(111,181)		(111,181)
Other Operating Expenses	(5,431)	(17,125)	(22,556)
Net Cash Used In Operating Activities	(98,897)	(17,125)	(116,022)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Federal and State Subsidies Received	99,532		99,532
<b>Cash Flows from Investing Activities:</b>			
Interest	454	20,238	20,692
Net Increase in Cash and Cash Equivalents	1,089	3,113	4,202
Cash and Cash Equivalents Beginning of Year	86,864	404,682	491,546
Cash and Cash Equivalents End of Year	87,953	407,795	495,748
<b>Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities:</b>			
Operating Income (Loss)	(116,857)	3,113	(113,744)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:</b>			
Depreciation	981		981
Donated Commodities Used	13,009		13,009
Nonexpendable Trust Funds Interest		(20,238)	(20,238)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(1,253)		(1,253)
Increase in Due From Other Funds	(3,195)		(3,195)
Decrease in Inventory Held for Resale	97		97
Increase in Inventory of Supplies and Materials	(15)		(15)
Increase in Accounts Payable	1,783		1,783
Increase in Accrued Wages and Benefits Payable	887		887
Increase in Intergovernmental Payable	3,960		3,960
Increase in Compensated Absences Payable	1,706		1,706
<b>Net Cash Used In Operating Activities</b>	(\$98,897)	(\$17,125)	(\$116,022)
<b>Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Funds to Balance Sheet</b>			
Cash and Cash Equivalents-All Fiduciary Funds		\$449,338	
Cash and Cash Equivalents-Agency Fund and Expendable Trust Funds		(41,543)	
<b>Cash and Cash Equivalents-Nonexpendable Trust Funds</b>		\$407,795	

*See Accompanying Notes to the General Purpose Financial Statements.*



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

This Board of Education controls the School District's four instructional/support facilities staffed by 40 noncertified, 56 certificated full time teaching personnel and 4 administrative employees who provide services to 762 students and other community members.

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

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

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 18 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association

**Insurance Purchasing Pool:**

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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**

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

**General Fund**

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

**Special Revenue Funds**

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

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt 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).

**2. Proprietary Fund Type**

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

**Enterprise Funds**

The enterprise funds are used to account for School District's 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**

The fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, nonexpendable trust and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The agency fund is custodial in nature (assets equal liabilities) and does 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 obligations 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.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust 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 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. The School District has no contributed capital. Proprietary fund types and nonexpendable trust funds 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 trusts, and agency funds. The full accrual basis of accounting is followed for the proprietary funds and nonexpendable trust funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed, takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income tax, rent, billing for user charged services, student fees, interest, and grants.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported 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 governmental funds.

**C. Budgetary Process**

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

All funds, other than the agency fund, are legally required to be budgeted and appropriated. A portion of the Eisenhower, title VI-B and title VI-B early childhood development special revenue funds' grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the function level within each fund.

**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 Darke County Budget Commission for rate determination.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 2001.

**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 and function 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 the legal level of control. Any revisions that alter the total of any fund appropriations, or alter total function appropriations within a fund, 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, eight 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 original appropriation amounts adopted during the year, including all supplemental appropriations. The Treasurer has been given the authority to allocate the Board's appropriations to the object level. Formal budgetary integration is employed as a management control device during the year for all funds, other than the agency fund and the Eisenhower, title VI-B and title VI-B early childhood development grants special revenue fund, 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. 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.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**D. Cash and Cash Equivalents**

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

The balance of the Eisenhower, title VI-B and title VI-B early childhood development activity administered by the fiscal agent is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents." The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

During fiscal year 2001, the School District's only investments were limited to funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 2001.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$64,829, which includes \$27,615 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 original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**E. Interfund Receivables/Payables**

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."

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventory**

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not own any infrastructure.

Improvements are capitalized. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**I. Compensated Absences**

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



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions 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.

Payments made more than sixty days after year end are considered not to have used current available financial resources. Bonds, long-term notes and loans are reported as a liability of the general long-term obligations account group until due.

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

**K. 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.

**L. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and textbooks and instructional materials and amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies and materials, property taxes, budget stabilization, textbook and instructional materials, bus purchases, and donations for endowments.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. This reserve consists exclusively of monies received by the School District by the Bureau of Workers' Compensation until April 10, 2001. The reserve for endowments represents principal in the nonexpendable trust fund.

**N. Estimates**

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

**O. Fund Designations**

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside which exceed the statutory required amount. The amount designated for textbooks & instructional materials for 2001, was \$26,033.

**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.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. The effect of this change on the excess of revenues and other financing sources over expenditures and other financing uses and the effect on opening fund balance follows:

	<b>Governmental Fund</b>
	<b>Special Revenue</b>
Excess as previously reported	\$29,373
Restatement:	49,150
Implementation of GASB 33	
Restated Amount for the Year Ended June 30, 2000	\$78,523
Fund Balance at June 30, 2000	\$120,159
Restatement:	49,150
Implementation of GASB 33	
Restated Amount at June 30, 2000	\$169,309

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The following funds had a deficit fund balance at June 30, 2001:

	<b>Deficit Fund</b>
	<b>Balance</b>
Special Revenue Fund:	
Title VI-R	\$4,899
Capital Projects Fund:	
Vocational Matching	6
Nonexpendable Trust Funds:	
Harry and June Loy Scholarship	185
William Johns Trust Fund	160

The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Compliance**

For the fiscal year ended June 30, 2001, the school net plus capital projects fund, regular instruction had an excess of expenditures plus encumbrances over appropriations of \$380 and the food service fund, salaries and wages had an excess of expenditures plus encumbrances over appropriations of \$5,052.

The general fund and multiple special revenue funds had appropriations in excess of estimated resources for the fiscal year ended June 30, 2001. Appropriations in excess of estimated resources are as follows:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Student Activities	\$72,112	\$88,851	\$16,739
Vocational Matching	7,003	10,282	3,279
Ohio Reads Grant	38,777	39,077	300
Title VI-B	47,043	49,626	2,583
Title I	242,677	301,674	58,997
Title VI	5,627	6,917	1,290
Drug Free Grant	5,098	6,190	1,092
Capital Projects Funds:			
Interactive Video Learning	20,685	21,446	761

**5. BUDGETARY BASIS OF ACCOUNTING**

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

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c. 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 disclosures in the proprietary fund type (GAAP basis).

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING**

- d. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- e. The School District does not budget for a portion of the activities of the Eisenhower, title VI-B and title VI-B early childhood development grants special revenue funds administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Mississinawa Valley Local School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$285,381	\$8,797	(\$11,940)	\$1,445,232
Revenue Accruals	(92,189)	576	(6,057)	(320,666)
Expenditure Accruals	70,041	41,959	0	1,586,242
Nonbudgeted Funds	0	1,522	0	0
Unrecorded Cash	2,573	0	0	9,304
Prepaid Items	4,036	0	0	20,387
Advances	1,884	(1,884)	0	0
Encumbrances	(87,072)	(23,887)	0	(2,779,044)
Budget Basis	<u>\$184,654</u>	<u>\$27,083</u>	<u>(\$17,997)</u>	<u>(\$38,545)</u>

**Net Income (Loss)/Excess of Revenues Over Expenses  
Proprietary Fund Type and Nonexpendable Trust Funds**

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
GAAP Basis	(\$3,862)	\$3,113
Revenue Accruals	(4,572)	(134)
Expense Accruals	8,500	0
Inventory of Supplies and Materials	15	0
Inventory Held for Resale	(97)	0
Unrecorded Cash	62	202
Depreciation	981	0
Encumbrances	(232)	0
Budget Basis	<u>\$795</u>	<u>\$3,181</u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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

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

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

- a. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- b. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- c. 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;
- d. Bond and other obligations of the State of Ohio;
- e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
- f. The State Treasurer's investment pool (STAR Ohio).

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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

At June 30, 2001, the School District had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$2,999. The money is held by the Darke County Educational Center, which is the fiscal agent of several other school districts and cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents for the Darke County Educational Service Center as a whole can be obtained by writing Carolyn Garver at the Darke County Educational Service Center, 5279 Education Drive, Greenville, Ohio 45331.

**A. Deposits**

At fiscal year end, the carrying amount of the School District's deposits was \$1,569,295 and the bank balance was \$1,650,346. Of the bank balance:

1. \$300,000 was covered by federal depository insurance; and
2. \$1,350,346 was uninsured and uncollateralized. Although a portion of 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 could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**B. Investments**

The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The School District's investment in STAR Ohio had a carrying and fair value and a carrying value of \$7,030,510 at June 30, 2001.

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

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement 9	\$8,602,804	\$0
Cash held with the Darke County ESC	(2,999)	0
Star Ohio	(7,030,510)	7,030,510
GASB Statement 3	<u>\$1,569,295</u>	<u>\$7,030,510</u>

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which fiscal year 2001 taxes were collected are:

	<b>2000 Second- Half Collections</b>		<b>2001 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/ Residential and Other Real Estate	\$37,113,250	89.51%	\$46,091,300	91.35%
Public Utility Personal	2,416,040	5.83	2,581,750	5.12
Tangible Personal Property	1,934,180	4.66	1,782,650	3.53
Total	<u>\$41,463,470</u>	<u>100.00%</u>	<u>\$50,455,700</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.98		\$35.59	



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. PROPERTY TAXES (Continued)**

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Darke 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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$160,207. \$123,636 was available to the general fund, \$25,266 was available to the bond retirement debt service fund and \$8,231 and \$3,074 was available to the permanent improvement and classroom facilities maintenance capital projects funds.

**8. INCOME TAX**

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The first 0.50 percent tax was effective on January 1, 1990, while the second 0.50 percent tax was effective on January 1, 2000, and both are continuing taxes. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund during fiscal year 2001 was \$510,080.

**9. RECEIVABLES**

Receivables at June 30, 2001, consisted of property and other taxes, income taxes, accounts (rent, billing for user charged services and student fees), intergovernmental, accrued interest and interfund. All receivables are considered collectible in full.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**9. RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

<b>Intergovernmental Receivables</b>	<b>Amounts</b>
Special Revenue Funds:	
Title VI-B Grant	\$6,693
Title I Grant	56,218
Title VI Grant	1,291
Drug Free Grant	1,050
Title VI-B Early Childhood Development Grant	1,140
Title VI-R Grant	803
Total Special Revenue Funds	67,195
Capital Projects Fund:	
Classroom Facilities	4,294,113
Total All Funds	\$4,361,308

**10. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$53,454
Less: Accumulated Depreciation	(47,237)
Net Fixed Assets	\$6,217

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	<b>Balance 6/30/00</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/01</b>
Land and Improvements	\$108,111	\$31,965	\$15,499	\$124,577
Buildings	3,087,224		24,042	3,063,182
Vehicles	534,260	44,000	50,480	527,780
Furniture and Equipment	1,037,301	83,206	44,289	1,076,218
Construction in Progress	238,485	4,283,294		4,521,779
Total General Fixed Assets	\$5,005,381	\$4,442,465	\$134,310	\$9,313,536

**11. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with Mangas Insurance for property and fleet, general liability, boiler and machinery, crime, and inland marine insurance.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

Coverage provided by Mangas Insurance is as follows:

Building and Contents-replacement cost (\$500 deductible)	\$12,343,548
Inland Marine Coverage (\$100 deductible)	174,372
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	7,000
Automobile Liability (\$250 deductible)	500,000
Uninsured Motorists (\$0 deductible)	350,000
General Liability	
Per occurrence	500,000
Total per year	1,500,000

Settlement claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

**12. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$27,796, \$19,777 and \$47,168, respectively; 40.63 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$16,502 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations 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, 2001, 2000, and 1999 were \$230,281, \$126,221 and \$120,959, respectively; 83.41 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$38,201 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining member of the board has elected SERS.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**13. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$109,080 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$77,987.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**14. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract 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 the number of annual work days per contract plus ninety, not to exceed 220 days for all employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 55 days for certified employees and 15 to 40 days, depending upon length of service, for classified employees.

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Community Life Insurance Company, and medical/surgical/dental insurance through Anthem Blue Cross Blue Shield.

**15. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Amount Outstanding 6/30/00	Additions	Deductions	Amount Outstanding 6/30/01
Energy Conservation Loan 1993 5.10%	\$161,184	\$0	\$43,360	\$117,824
Bond Anticipation Notes 2000 4.60%	1,970,000	0	1,970,000	0
Classroom Facilities Bonds 2000 6.45% - Average	1,970,047	7,217	105,000	1,872,264
Total Long Term Debt	<u>4,101,231</u>	<u>7,217</u>	<u>2,118,360</u>	<u>1,990,088</u>
Other Long Term Obligations:				
Intergovernmental Payable	30,633	35,739	30,633	35,739
Compensated Absences	<u>216,403</u>	<u>47,477</u>	<u>0</u>	<u>263,880</u>
Total Other Long Term Obligations	<u>247,036</u>	<u>83,216</u>	<u>30,633</u>	<u>299,619</u>
Total General Long-Term Obligations	<u><u>\$4,348,267</u></u>	<u><u>\$90,433</u></u>	<u><u>\$2,148,993</u></u>	<u><u>\$2,289,707</u></u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

**Energy Conservation Loan**

On July 1, 1993, Mississinawa Valley School District issued a loan in the amount of \$380,048. The loan was issued for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. It was issued for a ten year period with final maturity during fiscal year 2004, and will be retired from the general fund.

**Bond Anticipation Notes**

On January 25, 2000, the School District issued notes in the amount of \$1,970,000. The notes were issued in anticipation of the Classroom Facilities General Obligation Bonds for the purpose of building new school facilities. The notes had a maturity date of August 25, 2000, and were paid off using the Classroom Facilities Bonds proceeds.

**Classroom Facilities General Obligation Bonds**

The School District issued bonds in the amount of \$1,969,998 to pay off the \$1,970,000 Bond Anticipation Notes. Of these bonds, \$930,000 are serial bonds, with maturity dates of December 1, 2000 to December 1, 2011. \$990,000 are term bonds with a maturity date of December 1, 2022. \$49,998 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount is \$100,000 for each year. The capital appreciation bonds were accreted \$7,217 in fiscal year 2001.

The intergovernmental payable which represents the contractually required pension obligation paid outside of the available period and compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$2,559,186 the energy conservation debt margin was \$336,277 and the unvoted debt margin was \$50,456 at June 30, 2001.

Principal and interest requirements to retire the energy conservation loan and classroom facilities general obligation bonds are as follows, excluding current year capital appreciation bond accretion:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$105,600	\$103,422	\$209,022
2003	107,955	98,097	206,052
2004	89,269	92,511	181,780
2005	65,000	88,640	153,640
2006	70,000	85,248	155,248
2007-2011	410,000	366,202	776,202
2012-2016	244,998	534,318	779,316
2017-2021	600,000	173,650	773,650
2022-2023	290,000	16,962	306,962
Total	<u>\$1,982,822</u>	<u>\$1,559,050</u>	<u>\$3,541,872</u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**16. INTERFUND ACTIVITY**

The general fund has interfund receivables in the amount \$598. The Eisenhower and drug free grant special revenue funds have interfund payables in the amounts of \$453 and \$145, respectively. The uniform school supplies enterprise fund has due from other funds in the amount of \$3,195. The DPIA special revenue fund has due to other funds in the amount of \$3,195.

**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 reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$120,473	\$33,398	\$153,871
Depreciation	981	0	981
Operating Income (Loss)	(118,239)	1,382	(116,857)
Federal and State Subsidies	99,532	0	99,532
Donated Commodities	13,009	0	13,009
Interest	454	0	454
Net Income (Loss)	(5,244)	1,382	(3,862)
Net Working Capital	60,179	20,673	80,852
Total Assets	84,604	22,414	107,018
Long-Term Liabilities Payable From Revenue	29,110	0	29,110
Total Equity	37,286	20,673	57,959
Encumbrances Outstanding at June 30, 2001	232	0	232

**18. JOINTLY GOVERNED ORGANIZATION AND INSURANCE PURCHASING POOL**

**A. Jointly Governed Organizations**

**Metropolitan Dayton Educational Cooperative Association**

The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$17,987 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATION AND INSURANCE PURCHASING POOL (Continued)**

**Southwestern Ohio Educational Purchasing Council**

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during this one year period.

Payments to SOEPC are made from the general fund. During fiscal year 2001, the School District paid \$1,382 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton 45424.

**Southwestern Ohio Instructional Technology Association**

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2001, the School District paid \$18,615 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**B. Insurance Purchasing Pool**

**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan** - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a fourteen member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**19. SET-ASIDE CALCULATIONS**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	\$86,535	(\$1,949,848)	\$15,614
Current Year Set-aside Requirement	84,713	84,713	0
Current Year Offsets	0	(83,952)	0
Qualifying Disbursements	<u>(54,072)</u>	<u>(19,718)</u>	<u>0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>\$117,176</u>	<u>(\$1,968,805)</u>	<u>\$15,614</u>
Set-aside Reserve Balances as of June 30, 2001	<u>\$117,176</u>	<u>\$0</u>	<u>\$15,614</u>

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital acquisition set-aside, the negative amount can be carried forward as it represents proceeds of bonds from prior years. The total reserve balance for the set-asides at the end of the fiscal year was \$132,790.

**20. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**B. Litigation**

The School District did not have any pending litigation.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**21. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 2001, the School District had contractual commitments as follows:

<u>Vendor</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Jutte Excavating Inc.	Classroom Facilities Project	\$636,859
Cincinnati Dayton Fire	Classroom Facilities Project	141,619
Universal Custom Millwork Inc.	Classroom Facilities Project	562,700
St. Henry Tile Co. Inc	Classroom Facilities Project	121,492
Peterson Construction Co.	Classroom Facilities Project	5,934,552
Slagle Mechanical Contractor	Classroom Facilities Project	1,934,683
Area Energy and Electric Co.	Classroom Facilities Project	962,876
Complete Masonry Service Inc	Classroom Facilities Project	24,080
Fanning/Howey Assoc. Inc	Classroom Facilities Project	156,822

**22. STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 22, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<b>Federal Grantor Pass through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. Department of Education (Passed through State Department of Education)</b>						
Title I - Grants to Local Educational Agencies	46672-C1-S1-00	84.010	\$40,000		\$54,859	
	46672-C1-S1-00C		23,355		23,355	
	46672-C1-S1-01		<u>163,928</u>		<u>128,386</u>	
Total Title 1			227,283		206,600	
Innovative Education Program Strategies - Title VI	46672-C2-S1-01	84.298	2,197		900	
	46672-C2-S1-00		2,791		2,538	
	46672-C2-S1-99C				<u>113</u>	
Total Title VI			4,988		3,551	
Goals 2000 - State and Local Education Systematic Improvement	46672-G2-S2-01	84.276	13,000		200	
	46672-G2-S2-99				<u>80</u>	
Total Goals 2000 Grant			13,000		280	
Class Size Reduction	46672-CR-S1-01	84.340	26,998		26,748	
	46672-CR-S1-00		1,932		<u>7,984</u>	
Total Class Size Reduction			28,930		34,732	
Eisenhower Math and Science	46672-MS-S1-01	84.281	4,527		4,527	
Drug Free Schools Grant (Passed through Darke County Educational Service Center)	46672-DR-S1-01	84.186	1,872		1,517	
	NA				835	
	NA				<u>91</u>	
Total Drug Free Schools Grant			<u>1,872</u>	<u>0</u>	<u>2,443</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>280,600</u>		<u>252,133</u>	
<b>U.S. Department of Agriculture (Passed thru State Department of Education)</b>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	46672-05-PU-00/01	10.553	10,529		10,529	
National School Lunch Program	46672-04-PU-00/01	10.555	84,148		84,148	
Food Distribution / Commodities	N/A	10.550		13,492		13,010
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<u>94,677</u>	<u>13,492</u>	<u>94,677</u>	<u>13,010</u>
<b>Total Federal Assistance</b>			<u>\$375,277</u>	<u>\$13,492</u>	<u>\$346,810</u>	<u>\$13,010</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE A –SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District'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, 2001, the District had \$984 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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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

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

Mississinawa Valley Local School District  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Board of Education:

We have audited the financial statements of Mississinawa Valley Local School District (the School District), Darke County, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 22, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 22, 2002.

Mississinawa Valley Local School District  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

January 22, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**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**

Mississinawa Valley Local School District  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Board of Education:

**Compliance**

We have audited the compliance of Mississinawa Valley Local School District, Darke County, (the School 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, 2001. The School 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 School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 School 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 School District's compliance with those requirements.

In our opinion, the School 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, 2001. However, we noted immaterial instances of noncompliance with federal regulations that we have reported to management in a separate letter dated January 22, 2002.

**Internal Control Over Compliance**

The management of the School 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 School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance  
(Continued)**

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

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

**Jim Petro**  
Auditor of State

January 22, 2002

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2001

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <b><i>Explain:</i></b>
2000-10319-001	Ohio Administrative Code 117-2-12(B)	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT**

**DARKE 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 14, 2002**