



**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Paulding Exempted Village School District
Paulding County
405 North Water Street
Paulding, Ohio 45879-1299

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Paulding Exempted Village School District (the 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 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 Paulding Exempted Village School District, Paulding County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 20, 2001

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**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Equity in pooled cash and cash equivalents	\$1,063,227	\$201,049	\$7,427,638	\$8,821,891
Receivables				
Taxes	3,725,951		529,504	135,770
Accounts receivable	8,930			
Due from other governments	20,288	56,646		19,326,045
Due from other funds	20,288			
Prepaid items	33,690			
Loans receivable				
Inventory				
Fixed assets (net, where applicable, of accumulated depreciation)				
Amount Available in Debt Service Fund				
Amount to be provided from general government resources				
Total assets and other debits	<u>\$4,872,374</u>	<u>\$257,695</u>	<u>\$7,957,142</u>	<u>\$28,283,706</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	10,909			
Accrued salaries and benefits payable	989,894	33,108		
Due to other governments	197,955	8,275		
Due to other funds		20,288		
Due to students				
Deferred revenue	2,962,151	52,614	529,504	19,461,815
Notes payable				
Bonds payable				
Compensated absences payable	35,776			
Total Liabilities	<u>4,196,685</u>	<u>114,285</u>	<u>529,504</u>	<u>19,461,815</u>
Fund equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings				
Fund balances:				
Reserved for encumbrances	100,937	2,718		1,378,633
Reserved for property taxes advances available	240,605			
Reserved for prepaid items	33,690			
Reserved for loans receivable				
Unreserved: Undesignated	300,457	140,692	7,427,638	7,443,258
Total fund equity and other credits	<u>675,689</u>	<u>143,410</u>	<u>7,427,638</u>	<u>8,821,891</u>
Total liabilities, fund equity and other credits	<u>\$4,872,374</u>	<u>\$257,695</u>	<u>\$7,957,142</u>	<u>\$28,283,706</u>

The notes to the financial statements are an integral part of this statement

PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		General Fixed Assets	General Long-term Obligations	
Enterprise	Trust and Agency			
\$20,027	\$110,517			\$17,644,349
				4,391,225
673				9,603
				19,402,979
				20,288
				33,690
	21,631			21,631
34,711				34,711
120,345		\$13,231,398		13,351,743
			\$7,427,638	7,427,638
			7,936,647	7,936,647
\$175,756	\$132,148	\$13,231,398	\$15,364,285	\$70,274,504
	\$603			\$11,512
\$32,134				1,055,136
19,212			\$92,880	318,322
				20,288
	70,395			70,395
				23,006,084
			7,169,000	7,169,000
			7,169,000	7,169,000
15,058			933,405	984,239
66,404	70,998		15,364,285	39,803,976
		\$13,231,398		13,231,398
310,570				310,570
(201,218)				(201,218)
				1,482,288
				240,605
				33,690
	21,631			21,631
	39,519			15,351,564
109,352	61,150	13,231,398		30,470,528
\$175,756	\$132,148	\$13,231,398	\$15,364,285	\$70,274,504

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	GOVERNMENTAL FUND TYPES	
	General	Special Revenue
Revenues:		
Taxes	\$4,637,673	\$30,555
Intergovernmental	7,080,269	554,526
Earnings on investments	204,095	
Food services		19,152
Tuition and fees	12,006	
Extracurricular activities		113,423
Miscellaneous	27,945	10,000
Total revenues	11,961,988	727,656
Expenditures:		
Instruction:		
Regular	5,440,316	68,871
Special	1,011,324	186,818
Vocational	189,221	
Other	641,357	9,869
Support services:		
Pupils	478,986	79,212
Instructional staff	458,693	114,543
Board of education	123,241	
Administration	1,101,473	67,709
Fiscal	360,771	969
Business	87,595	9,825
Operation and maintenance of plant	924,955	
Pupil transportation	713,957	
Central services	109	7,516
Non-instructional services	1,136	
Extracurricular activities	290,723	86,128
Capital outlay		
Total expenditures	11,823,857	631,460
Excess of revenues over (under) expenditures	138,131	96,196
Other financing sources and (uses)		
Other financing sources	30,629	50
Proceeds of bonds		
Proceeds of notes		
Operating transfers - in	86,500	203
Operating transfers - out	(373,989)	
Total other financing sources (uses)	(256,860)	253
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(118,729)	96,449
Fund balance, beginning of year	794,418	46,961
Fund balance, end of year	\$675,689	\$143,410

The notes to the financial statements are an integral part of this statement

GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPE	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$238,333	\$125,677		\$5,032,238
24,826	1,069,287		8,728,908
	195,000	\$1,788	400,883
			19,152
			12,006
			113,423
			37,945
<u>263,159</u>	<u>1,389,964</u>	<u>1,788</u>	<u>14,344,555</u>
			5,509,187
			1,198,142
	16,186		205,407
			651,226
			558,198
	110,766		684,002
			123,241
			1,169,182
7,556	4,264		373,560
			97,420
			924,955
			713,957
			7,625
		2,200	3,336
			376,851
	<u>717,049</u>		<u>717,049</u>
<u>7,556</u>	<u>848,265</u>	<u>2,200</u>	<u>13,313,338</u>
<u>255,603</u>	<u>541,699</u>	<u>(412)</u>	<u>1,031,217</u>
3,035		2,000	35,714
7,169,000			7,169,000
	7,169,000		7,169,000
	250,000		336,703
			(373,989)
<u>7,172,035</u>	<u>7,419,000</u>	<u>2,000</u>	<u>14,336,428</u>
7,427,638	7,960,699	1,588	15,367,645
	861,192	59,562	1,762,133
<u>\$7,427,638</u>	<u>\$8,821,891</u>	<u>\$61,150</u>	<u>\$17,129,778</u>

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	GENERAL FUND		Variance: Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Taxes	\$4,590,966	\$4,590,966	
Intergovernmental	7,078,996	7,078,996	
Earnings on investments	204,095	204,095	
Food services			
Tuition and fees	1,271	1,271	
Classroom materials and fees	10,755	10,755	
Extracurricular activities			
Miscellaneous	23,250	23,250	
Total revenues	11,909,333	11,909,333	
Expenditures:			
Instruction:			
Regular	5,411,041	5,411,041	
Special	1,001,827	1,001,827	
Vocational	190,999	190,999	
Other	643,676	643,676	
Support services:			
Pupils	489,626	489,626	
Instructional staff	464,090	464,090	
Board of education	129,217	129,217	
Administration	1,081,553	1,081,553	
Fiscal	356,383	356,383	
Business	87,576	87,576	
Operation and maintenance of plant	936,263	936,263	
Pupil transportation	774,272	774,272	
Central services	109	109	
Non-instructional services	1,134	1,134	
Extracurricular activities	278,552	278,552	
Capital outlay			
Debt service			
Total expenditures	11,846,318	11,846,318	
Excess of revenue over (under) expenditures	63,015	63,015	
Other financing sources and (uses):			
Advances - in	22,876	22,876	
Advances - out	(20,288)	(20,288)	
Transfer - in	86,500	86,500	
Transfer - out	(373,989)	(373,989)	
Sale of Bonds			
Proceeds from the Sale of Notes			
Other sources (uses)	35,947	35,947	
Total other financing sources (uses)	(248,954)	(248,954)	
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(185,939)	(185,939)	
Fund balance beginning of year	1,039,412	1,039,412	
Prior Year Carryover Appropriations	97,907	97,907	
Fund balance end of year	\$951,380	\$951,380	

SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$30,555	\$30,555		\$238,333	\$238,333	
550,493	550,493		24,826	24,826	
19,152	19,152				
113,734	113,734				
10,000	10,000				
<u>723,934</u>	<u>723,934</u>		<u>263,159</u>	<u>263,159</u>	
67,545	67,545				
187,800	187,800				
9,667	9,667				
79,424	79,424				
118,068	118,068				
65,480	65,480				
969	969		7,556	7,556	
9,825	9,825				
7,504	7,504				
89,252	89,252				
<u>635,534</u>	<u>635,534</u>		<u>7,556</u>	<u>7,556</u>	
<u>88,400</u>	<u>88,400</u>		<u>255,603</u>	<u>255,603</u>	
20,288	20,288				
(22,876)	(22,876)				
203	203				
			7,169,000	7,169,000	
50	50		3,035	3,035	
<u>(2,335)</u>	<u>(2,335)</u>		<u>7,172,035</u>	<u>7,172,035</u>	
86,065	86,065		7,427,638	7,427,638	
4,270	4,270				
107,996	107,996				
<u>\$198,331</u>	<u>\$198,331</u>		<u>\$7,427,638</u>	<u>\$7,427,638</u>	

(Continued)

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

	CAPITAL PROJECTS FUNDS		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$125,677	\$125,677	
Intergovernmental	1,069,287	1,069,287	
Earnings on investments	195,000	195,000	
Food services			
Tuition and fees			
Classroom materials and fees			
Extracurricular activities			
Miscellaneous			
Total revenues	1,389,964	1,389,964	
Expenditures:			
Instruction:			
Regular			
Special			
Vocational	16,186	16,186	
Other			
Support services:			
Pupils			
Instructional staff	125,952	125,952	
Board of education			
Administration			
Fiscal	4,264	4,264	
Business			
Operation and maintenance of plant			
Pupil transportation			
Central services			
Non-instructional services			
Extracurricular activities			
Capital outlay	2,080,786	2,080,786	
Debt service			
Total expenditures	2,227,188	2,227,188	
Excess of revenue over (under) expenditures	(837,224)	(837,224)	
Other financing sources and (uses):			
Advances - in			
Advances - out			
Transfer - in	250,000	250,000	
Transfer - out			
Sale of Bonds			
Proceeds from the Sale of Notes	7,169,000	7,169,000	
Other sources (uses)			
Total other financing sources (uses)	7,419,000	7,419,000	
Excess of revenues and other financing sources over (under) expenditures and other financing uses			
Fund balance beginning of year	6,581,776	6,581,776	
Prior Year Carryover Appropriations	109,783	109,783	
Fund balance end of year	\$7,443,258	\$7,443,258	

The notes to the financial statements are an integral part of this statement

EXPENDABLE TRUST FUNDS			TOTALS (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
			\$4,985,531	\$4,985,531	
			8,723,602	8,723,602	
\$1,788	\$1,788		400,883	400,883	
			19,152	19,152	
			1,271	1,271	
			10,755	10,755	
			113,734	113,734	
			33,250	33,250	
1,788	1,788		14,288,178	14,288,178	
			5,478,586	5,478,586	
			1,189,627	1,189,627	
			207,185	207,185	
			653,343	653,343	
			569,050	569,050	
			708,110	708,110	
			129,217	129,217	
			1,147,033	1,147,033	
			369,172	369,172	
			97,401	97,401	
			936,263	936,263	
			774,272	774,272	
			7,613	7,613	
2,200	2,200		3,334	3,334	
			367,804	367,804	
			2,080,786	2,080,786	
2,200	2,200		14,718,796	14,718,796	
(412)	(412)		(430,618)	(430,618)	
			43,164	43,164	
			(43,164)	(43,164)	
			336,703	336,703	
			(373,989)	(373,989)	
			7,169,000	7,169,000	
			7,169,000	7,169,000	
2,800	2,800		41,832	41,832	
2,800	2,800		14,342,546	14,342,546	
			13,911,928	13,911,928	
2,388	2,388		315,686	315,686	
\$39,519	\$39,519		\$16,060,126	\$16,060,126	

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	ENTERPRISE
Operating revenues:	
Food service	382,235
Materials and fees	59,681
Total operating revenues	441,916
Operating expenses:	
Salaries and wages	200,446
Fringe benefits	106,595
Purchased services	24,565
Cost of Sales	334,758
Depreciation expense	14,876
Total operating expenses	681,240
Operating loss	(239,324)
Non-operating revenues:	
Intergovernmental	121,406
Donated commodities	51,238
Other non-operating revenues	1,284
Total non-operating revenues	173,928
Net loss before transfers	(65,396)
Transfers in	37,488
Net loss	(27,908)
Retained Earnings, beginning of year	(173,310)
Retained Earnings, end of year	(201,218)
Contributed Capital at Beginning and End of Year	310,570
Fund equity, end of year	\$109,352

The notes to the financial statements are an integral part of this statement

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001**

	ENTERPRISE
Cash flows from operating activities	
Operating loss	(\$239,324)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Donated commodities	51,238
Depreciation	14,876
(Increase) decrease in assets:	
Materials and supplies	(510)
Accounts receivable	433
Increase (decrease) in liabilities:	
Accrued salaries and benefits payable	2,954
Compensated Absences	2,440
Due to other governments	(825)
Total adjustments	70,606
Net cash used in operating activities	(168,718)
Cash flows from non-capital financing activities	
Operating transfers in from other funds	37,488
Intergovernmental	121,406
Other	1,284
Net cash provided by non-capital financing activities	160,178
Net decrease in cash and cash equivalents	(8,540)
Cash and cash equivalents, beginning of year	28,567
Cash and cash equivalents, end of year	\$20,027

The notes to the financial statements are an integral part of this statement

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**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Paulding Exempted Village School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 89 non-certified and 146 certified full time teaching personnel who provide services to 1,931 students and other community members.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Paulding Exempted Village School District, this includes general operations, food service, preschool 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 for the organization. The School District has no component units.

The following organizations are not part of the District entity and are excluded from the accompanying financial statements:

The School District is associated with organizations which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Vantage Joint Vocational School, Paulding County School Council, Paulding County School Consortium Employee Insurance Benefits Program, and the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general-purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Paulding Exempted Village 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.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

1. Governmental Fund Types

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

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

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

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

Capital Projects Funds 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).

2. Proprietary Fund Types

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

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

3. Fiduciary Fund Types

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

4. Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term 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 funds.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary 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 are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The enterprise fund is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The enterprise fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental

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fund types, expendable trust funds, and agency funds. The full accrual basis of accounting is followed by the enterprise fund.

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 fiscal 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 the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and 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, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded 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 on 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. Expenditure are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

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prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

1. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

2. Estimated Resources

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

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/ object level of expenditures for the general fund and at the fund level for all other funds, 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/object for the general fund and fund level for all other funds, 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 and any level of control. Any revisions that alter the total of any fund appropriations or alter total object

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appropriations within the general 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, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

4. Encumbrances

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

5. Lapsing of Appropriations

At the close of each 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 re-appropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District Treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

During fiscal year 2001, investments included STAR Ohio and federal agency securities.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts such as repurchase agreements are reported at cost. The School District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool managed by the State Treasurer's office which allows government 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.

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Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amount to \$204,095 which includes \$161,235 assigned from other School District funds.

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

E. Inventory

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

F. 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.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the 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 \$500 except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation and an existing five-year textbook adoption policy. Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The School District does not possess 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 and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and

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available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase Reimbursement
Medical Assistance Program (CAFS)

Special Revenue Fund

SEEP Grant

Non-Reimbursable Grants

Special Revenue Funds

Eisenhower Grant/Title II
Title I
Title IV
Title VI
Title VI-B
Title VI-R
Preschool
Virtual Middle School Grant
Educational Management Information System
Professional Development
Disadvantaged Pupil Program
School Net Professional Development
Ohio Reads
Safe Schools Grant

Capital Projects Funds

School Net Plus
OneNET
Tech Equity
Emergency School Building Repair Grant
Classroom Facilities
Ohio School Facilities Grant - State Share

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 59% of the District's operating revenues during fiscal year 2001 for all governmental funds.

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I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. As of June 30, 2001, the balance of interfund assets/liabilities was \$20,288.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts 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.

K. Accrued Liabilities and Long-Term Obligations

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

L. 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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore

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are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes, prepaids, loans, and encumbrances. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

O. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

P. Estimates

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

Q. Total Columns on General-Purpose Financial Statements

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

3. ACCOUNTABILITY

A. Change in Accounting Principles

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange

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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. For the District, the implementation of these statements had no effect on the fund balances/net assets previously reported for the fiscal year ended June 30, 2000.

B. Deficit Retained Earnings

Retained earnings at June 30, 2001 included the enterprise fund deficit balance of (\$201,218).

The GAAP-basis deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30, 2001.

4. 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, All Proprietary Fund Types 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for all governmental fund types:

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Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental and Expendable Trust Funds				
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	(\$118,729)	\$96,449	\$7,960,699	\$1,588
Revenue adjustments	(24,461)	16,566		800
Expenditure adjustments	69,097	(24,232)	(291)	
Reserve for encumbrances – budgetary basis	(111,846)	(2,718)	(1,378,632)	
Budgetary Basis	(\$185,939)	\$86,065	\$6,581,776	\$2,388

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

State regulations permit interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

During fiscal year 2001, the School District's investments were limited to STAR Ohio, and Federal Home Loan Mortgage Corporation.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$484,323 and the bank balance was \$684,019. \$157,901 of the bank balance was covered by federal depository insurance and \$526,118 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments - Investments are required to be categorized into the following:

Category 1 includes investments that are insured or registered or for which the securities are held by the Paulding Exempted Village School District.

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Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Paulding Exempted Village School District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Paulding Exempted Village School District's name.

At year end, the District's only investment was in STAR Ohio, and had a value of \$17,160,026. STAR Ohio is an investment pool operated by the Ohio Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$17,644,349	
Investments:		
STAR Ohio	(17,160,026)	\$17,160,026
GASB Statement 3	\$484,323	\$17,160,026

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied October 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied October 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied October 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2001 taxes are based as follows:

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$102,849,620	76.69%	\$103,580,150	75.24%
Public Utility Personal	14,093,730	10.51%	15,356,830	11.15%
Tangible Personal Property	17,153,140	12.80%	18,731,395	13.61%
Total	\$134,096,490	100.00%	137,668,375	100.00%
Tax rate per \$1,000 of assessed valuation	\$30.50		\$34.60	

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(Continued)**

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by October 20.

The School District receives property taxes from Paulding & Putnam Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the general fund as an advance at June 30, 2001 was \$240,605 and is recognized as revenue.

7. INCOME TAX

The School District levies a voted tax of 1.0 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. 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. In the fiscal year ended June 30, 2001, the district recorded income tax revenue of \$1,611,949 general fund, of which \$542,237 is recorded as a receivable at June 30, 2001.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

9. LOANS RECEIVABLE

The Bauer Loan Fund was established in 1958 through a contribution from an estate. Qualified students may borrow up to \$4,000 to pay for the costs of higher education. Repayments begin 24 months after completion of a college program. After 6 years the principal begins accruing interest at a rate to be set by the district.

The Melrose Area Book Scholarship was established in 1992 through a contribution from an estate. Qualified students may borrow up to \$4,000 to pay for the costs of higher education. Repayments begin 24 months after completion of a college program. After 6 years the principal begins accruing interest at a rate to be set by the district.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

At the close of fiscal year 2001, there were 9 students with a total principal balance of \$15,981 for the Bauer Loan Fund and 2 students with a total principal balance of \$5,650 for the Melrose Area Book Scholarship.

10. FIXED ASSETS

A summary of the changes in General Fixed Assets Account Group is as follows:

	Balance at 6/30/00	Additions	Deductions	Balance at 6/30/01
Land and Land Improvements	\$708,201	\$33,806		\$742,007
Buildings	8,823,664	247,985	(\$43,262)	9,028,387
Furniture, fixtures and equipment	2,840,112	180,299	(106,065)	2,914,346
Construction in Progress		546,658		546,658
Total	<u>\$12,371,977</u>	<u>\$1,008,748</u>	<u>(\$149,327)</u>	<u>\$13,231,398</u>

A summary of changes in the Enterprise Fund fixed assets is as follows:

	Balance at 6/30/01
Furniture, fixtures and equipment	\$328,411
Accumulated depreciation	(208,066)
Total	<u>\$120,345</u>

11. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. For fiscal year 2000, the School District contracted with Nationwide Insurance for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy. Nationwide Insurance covers the boiler and machinery with a \$1,000 deductible and a \$17,994,800 limit. The School District is protected by a commercial umbrella policy with an aggregate coverage of \$15,000,000 and with \$15,000,000 for each occurrence and a \$5,000 deductible.

Vehicles are covered by Nationwide Insurance with no deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five 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 Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
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Each participant pays its workers' compensation premium to the State based on the rate for the performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant 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 Anthem Comp. Services provided administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

As of June 30, 2001 the School District has contracted through the Paulding County Schools Council with Medical Mutual of Ohio as third party provider to provide employee medical/surgical benefits and also dental benefits. Rates are set through an annual calculation process. The School District and the employees share the cost of the monthly premium with the Board. For fiscal year 2001, the School District's and employees' premiums were \$613 and \$45 for family coverage and \$245 and \$45 for single coverage per employee per month, respectively.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Paulding Exempted Village School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the Paulding Exempted Village School District is required to contribute 14 percent; 4.2 percent was the portion to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$79,709, \$97,782, and \$135,595, respectively. 43.1 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$45,355, representing the unpaid contribution for fiscal year 2001 is recorded as a limited liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Paulding Exempted Village School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the Paulding Exempted Village School District is required to contribute 14 percent; 9.5 percent was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$576,555, \$358,482, and \$349,494, respectively. 82.9 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$98,591 representing the unpaid contribution for fiscal year 2001, 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, two of the five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

13. POST-EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$273,105.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal 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 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.

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$185,988 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 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.

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical and Administrative employees with one or more years of service are entitled to vacation ranging from 5 to 30 days. Employees with less than one year of service earn a pro rata vacation rate per month worked. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee, other than administrative personnel upon retirement is limited to 40 days, and 5% of any accumulated days above forty accumulated days of sick leave. The amount paid to administrative personnel upon retirement is limited to 50 days, and 19% of any accumulated days above 50 accumulated days of sick leave. If accumulated sick leave is less than the days earned, then only the amount earned will be paid.

At June 30, 2001 the current amount of unpaid compensated absences, in all funds except for the proprietary funds, and the balance of the liability in the General Fund and the General Long-Term Obligation Account Group were \$35,776 and \$933,405 respectively. The liability for compensated absences in the proprietary funds at June 30, 2001 was \$15,058.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company.

15. LONG-TERM OBLIGATIONS

During the year ended June 30, 2001, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at June 30, 2000	Additions	Reductions	Balance at June 30, 2001
Compensated absences payable	\$1,006,603		(\$73,198)	\$933,405
Bond Anticipation Notes		\$7,169,000		7,169,000
General Obligation Bonds		7,169,000		7,169,000
Due to other governments	95,368	92,880	(95,368)	92,880
Total	<u>\$1,101,971</u>	<u>\$14,430,880</u>	<u>(\$168,566)</u>	<u>\$15,364,285</u>

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

The District issued bond anticipation notes in total of \$7,169,000 on December 20, 2000. The notes matured on August 14, 2001 and carried an interest rate of 4.875%. The note proceeds will provide the local funds required for the Ohio Schools Facilities Commission project. Combined state and local funds will be used for renovations/additions to the Paulding Elementary and High School, and construction of a new Oakwood Elementary and Paulding Middle School. On May 31, 2001 the District issued \$7,169,000 in school improvement bonds, the bond proceeds were used to retire the bond anticipation notes that matured August 14, 2001. The bonds mature on December 1, 2020 and carry an interest rate of 4.9%.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total General Obligation Bonds</u>
2002	\$110,000	\$153,789	\$263,789
2003	235,000	302,579	537,579
2004	250,000	295,059	545,059
2005	300,000	286,559	586,559
2006	325,000	274,559	599,559
2007-2020	5,949,000	2,868,632	8,817,632
Total	<u>\$ 7,169,000</u>	<u>\$4,181,177</u>	<u>\$11,350,177</u>

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three Enterprise Funds which provide lunchroom/cafeteria, uniform school supply. Segment information for the year ended June 30, 2001 was as follows:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Continuing Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$382,235	\$59,681		\$441,916
Depreciation Expense	14,876			14,876
Operating Loss	(229,837)	(9,424)	(\$63)	(239,324)
Operating Grants	121,406			121,406
Donated Commodities	51,238			51,238
Operating Transfers In	37,488			37,488
Net Loss	(18,421)	(9,424)	(63)	(27,908)
Net working capital	(15,350)	19,008	407	4,065
Total Assets	156,341	19,008	407	175,756
Total Equity	89,937	19,008	407	109,352

17. JOINTLY GOVERNED ORGANIZATIONS

A. The Northwest Ohio Area Computer Services Cooperative

The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven (47) educational entities, primarily school districts located in the Ohio counties of Allen, Auglaize, Hancock, Mercer, Paulding, Putnam and Van Wert. The laws governing the Ohio Education Computer Network require that a board of education serve as fiscal agent for data acquisition sites receiving state funds, therefore, not all responsibilities of the fiscal agent can be undertaken by the council. Specifically, Revised Code Section 3301-075 requires that the NOACSC conform to Revised Code Section 3313.92 in order for the NOACSC to receive Ohio Education Computer Network funds from the State Department of education. Agreements

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entered into pursuant to Revised Code Section 3313.92 must be approved by the State superintendent of public instruction, who has interpreted this revised code section to require a board of education to serve as fiscal agent for a data acquisition site receiving funds from the Ohio Education Computer Network, as opposed to have a council of governments serve as fiscal agent for the data acquisition site.

The general membership of the NOACSC consists of a superintendent or designated representative from each member school and a representative from the fiscal agent. NOACSC is governed by a Cooperative Governing Board chosen from the general membership. The Governing Board consists of two representatives from each county and one representative from the fiscal agent. The two representatives from each county are elected by a majority vote of all county member schools.

The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The duties and obligations of the organization and members participating is set forth in a written agreement covering the program.

Each of the participating educational entities' support NOACSC based upon a per pupil charge dependent upon the software package(s) utilized. The degree of control exercised by any participating entity is limited to representation on the Governing Board. To obtain financial information for NOACSC write to its fiscal agent, c/o Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Joint Vocational School

The Vantage Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' and educational service centers' elected boards from Putnam, Paulding, Mercer and Van Wert counties, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vantage Joint Vocational School, Julie Mohr, who serves as Treasurer, at 818 North Franklin Street, Van Wert, Ohio 45891

C. Paulding County Schools Council

The Paulding County Schools Council is a jointly governed organization among the Boards of Education of Antwerp Local School District, Paulding Exempted Village School District and Wayne Trace Local School District. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. To obtain financial information write to the Western Buckeye Educational Center, Paul Clark, who serves as chairman, at P.O. Box 176, Paulding, OH 45879-0176.

18. GROUP PURCHASING POOLS

A. Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Plan (GRP)

The School District participates in this plan, an insurance purchasing pool for workers compensation. Each year, the participating school districts pay an enrollment fee to the plan to

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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JUNE 30, 2001
(Continued)**

cover the costs of administering the plan. The administrator of the plan is Anthem Comp. Services, 31200 Pine Tree Road, Pepper Pike, Ohio 44124-5900.

B. The Paulding County School Council's Employee Insurance Benefits Program

The Paulding County School Council's Employee Insurance Benefits Program includes a health insurance plan. The plan is a risk-sharing pool among the Boards of Education of Antwerp Local School District, Paulding County Board of Education, Paulding Exempted Village School District and Wayne Trace Local School District. The purpose of the plan is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of a representative from each of the member school districts. The degree of control exercised by any participating member is limited to its representation on the council.

Financial information can be obtained from Dave Bagly, who serves as chairman, at P.O. Box 176, Paulding, Ohio 45879-0176.

19. 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 December 20, 2001, 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 reexamine 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 will have on its future State funding and on its financial operations.

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

20. TRANSFERS

Transfers for the fiscal year ended June 30, 2001 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Special Revenue Fund	\$203	
Capital Projects Fund	250,000	
Enterprise Fund	37,488	
Agency		\$202
General Fund	<u>86,500</u>	<u>373,989</u>
Total transfers	<u><u>\$374,191</u></u>	<u><u>\$374,191</u></u>

21. STATUTORY RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2001, the budget reserve has been eliminated.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2000	(\$60,743)		\$84,724
Current Year Set Aside Requirement	269,565	\$269,565	
Current Year Offset		(269,565)	
Legislative Reduction			(41,464)
Qualifying Expenditures	<u>(241,842)</u>		<u>(43,260)</u>
Amount Carried Forward to Fiscal Year 2002	<u>(\$33,020)</u>		
Set Aside Reserve Balance June 30, 2001	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

22. CONTINGENCIES

A. Grants

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

B. Litigation

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

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

23. OUTSTANDING CONTRACTUAL COMMITMENTS

As of June 30, 2001 the District had outstanding commitments:

<u>Vendor/Contract</u>	<u>Amount</u>	<u>Fund</u>
Midwest Environmental/Asbestos Removal	\$91,000	Fund 010
Cardinal Bus Sales/Bus	53,462	Fund 001
Southern Bleacher Construction/Bleachers	53,825	Fund 003
Dureck Construction/Bus Garage	36,172	Fund 003

24. OHIO SCHOOL FACILITIES COMMISSION

In fiscal year 2000, the District to was approved for a grant from the Ohio School Facilities Commission for a \$27,364,339 building construction and renovation project. The project will be financed by a \$20,195,339 grant from the Ohio School Facilities Commission and through issuance of bonds in the amount of \$7,169,000. The bond issue will be repaid from the proceeds of a 3.90 mill tax levy approved by the voters of the District on November 7, 2000. As of June 30, 2001 the District has recognized a receivable of \$19,320,045 for the amounts still due for the State portion of the project.

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**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
<u>Nutrition Cluster:</u>		
Food Distribution Program	-	10.550
School Breakfast Program	05-PU-01	10.553
National School Lunch Program	LL-P1-01	10.555
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	45575-C1-S1-00 45575-C1-S1-01	84.010 84.010
Total Title I Grants		
<u>Special Education Cluster:</u>		
Special Education-Grants to States	45575-6B-A1-00 45575-6B-SF-00 45575-6B-SF-01	84.027 84.027 84.027
Total Special Education Grant		
Special Education-Preschool Grants	45575-PG-S1-00 45575-PG-S1-01	84.173 84.173
Total Special Education Preschool Grants		
Total Special Education Cluster		
Safe and Drug Free Schools and Communities Grant	45575-DR-S1-00 45575-DR-S1-01	84.186 84.186
Total Safe and Drug Free Schools Grant		
Eisenhower Professional Development State Grants	45575-MS-S1-99 45575-MS-S1-00 45575-MS-S1-01	84.281 84.281 84.281
Total Eisenhower Professional Development Grant		
Innovative Educational Program Strategies	45575-C2-S1-00 45575-C2-S1-01	84.298 84.298
Total Innovative Education Program		
Technology Literacy Challenge Fund Grant	45575-TF-VM-00	84.318
Class Size Reduction	45575-CR-S1-00 45575-CR-S1-01	84.340 84.340
Total Class Size Reduction		
Total Department of Education		
UNITED STATES DEPARTMENT OF HUMAN SERVICES		
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>		
Medical Assistance Program (CAFS)		93.778
Totals		

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
	\$52,329		\$51,238
\$4,729		\$4,729	
111,450		111,450	
<u>116,179</u>	<u>52,329</u>	<u>116,179</u>	<u>51,238</u>
28,179		45,343	
174,225		167,579	
<u>202,404</u>		<u>212,922</u>	
10,000		10,000	
10,199		31,053	
146,403		94,508	
<u>166,602</u>		<u>135,561</u>	
3,140		11,357	
28,127		20,735	
<u>31,267</u>		<u>32,092</u>	
<u>197,869</u>		<u>167,653</u>	
3,363		6,000	
4,750		1,973	
<u>8,113</u>		<u>7,973</u>	
		2,045	
779		3,420	
6,549		4,569	
<u>7,328</u>		<u>10,034</u>	
3,868		5,131	
4,535		4,535	
<u>8,403</u>		<u>9,666</u>	
4,658		4,950	
22,876		22,876	
10,463		30,751	
<u>33,339</u>		<u>53,627</u>	
<u>462,114</u>		<u>466,825</u>	
25,235		25,235	
<u>\$603,528</u>	<u>\$52,329</u>	<u>\$608,239</u>	<u>\$51,238</u>

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND 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 – MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C - FOOD DISTRIBUTION

Non-monetary 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.



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

Paulding Exempted Village School District
Paulding County
405 North Water Street
Paulding, Ohio 45879-1299

To the Board of Education:

We have audited the financial statements of the Paulding Exempted Village School District (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. 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 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 District in a separate letter dated December 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2001.

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

This report is intended for the information and use of the finance committee, management, the Board of Education, 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

December 20, 2001



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

Paulding Exempted Village School District
Paulding County
405 North Water Street
Paulding, Ohio 45879-1299

To the Board of Education:

Compliance

We have audited the compliance of Paulding Exempted Village School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

Paulding Exempted Village School District
Paulding County
Report of Independent Accountants on Compliance with Requirements
Applicable to Major Federal Programs and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

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 finance committee, management, the Board of Education, 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

December 20, 2001

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



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PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT

PAULDING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 10, 2002**