

**CLEAR FORK VALLEY
LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**CLEAR FORK VALLEY
LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

**TRIMBLE, JULIAN & GRUBE, INC.
LORRAINE EARNEST, TREASURER**

TJG

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Clear Fork Valley Local School District
Bellville, Ohio

We have reviewed the Independent Auditor's Report of the Clear Fork Valley Local School District, Richland County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clear Fork Valley Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

January 5, 2000

TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor's Report

Board of Education
Clear Fork Valley Local School District
107 Main Street
Bellville, OH 44813

We have audited the accompanying general purpose financial statements of the Clear Fork Valley Local School District, Richland County (the "District") as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Clear Fork Valley Local School District, Richland County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 1999, 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.

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 expenditures of federal awards 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 7, 1999

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)	
	General	Special Revenue		Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General			Long-Term Debt Group
		Revenue							Fixed Asset Account Group			
Assets and Other Debits:												
Equity in Pooled Cash and Cash Equivalents	\$173,138	\$124,505	\$325,239	\$2,974,159	\$148,201	\$267	\$76,266	\$0	\$0	\$0	\$0	\$3,821,775
Cash and Cash Equivalents:												
With Fiscal Agents	-	-	-	-	-	396,921	-	-	-	-	-	396,921
Receivables:												
Taxes	2,654,247	-	647,929	166,060	-	-	-	-	-	-	-	3,468,236
Accounts	2,518	3,911	-	-	11,348	-	565	-	-	-	-	18,342
Materials and Supplies Inventory	-	-	-	-	11,858	-	-	-	-	-	-	11,858
Restricted Assets:												
Equity in Pooled Cash and Cash Equivalents	111,923	-	-	-	-	-	-	-	-	-	-	111,923
Fixed Assets	-	-	-	-	236,208	-	-	-	13,868,511	-	-	14,104,719
Accumulated Depreciation	-	-	-	-	(79,064)	-	-	-	-	-	-	(79,064)
Other Debits:												
Amount available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-	506,705	506,705
Amount to be provided for retirement of General Long-Term Debt	-	-	-	-	-	-	-	-	-	8,682,242	-	8,682,242
Total Assets and Other Debits	\$2,941,826	\$128,416	\$973,168	\$3,140,219	\$328,551	\$397,188	\$76,831	\$13,868,511	\$9,188,947	\$31,043,657		\$31,043,657
Liabilities:												
Accounts Payable	\$1,118	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,118
Contracts Payable	-	-	-	439,416	-	-	-	-	-	-	-	439,416
Accrued Wages and Benefits	742,159	23,166	-	-	31,519	-	-	-	-	-	-	796,844
Compensated Absences Payable	55,449	-	-	-	10,606	-	-	-	-	-	426,838	492,893
Intergovernmental Payable	132,164	2,420	-	-	22,877	-	-	-	-	-	98,599	256,060
Deferred Revenue	1,887,211	-	466,463	117,535	7,113	-	-	-	-	-	-	2,478,322
Due to Students	-	-	-	-	-	-	48,889	-	-	-	-	48,889
Claims Payable	-	-	-	-	-	87,117	-	-	-	-	-	87,117
General Obligation Bonds Payable	-	-	466,463	556,951	72,115	87,117	48,889	8,663,510	8,663,510	9,188,947	8,663,510	8,663,510
Total Liabilities	2,818,101	25,586	466,463	1,113,912	113,543	174,234	97,808	13,868,511	9,188,947	13,264,169		13,264,169
Fund Equity and Other Credits:												
Investment in General Fixed Assets	-	-	-	-	142,493	-	-	-	-	-	-	142,493
Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	113,943	310,071	-	-	-	-	-	424,014
Fund Balances:												
Reserved:												
Reserved for Encumbrances	1,846	-	-	1,206,619	-	-	-	-	-	-	-	1,208,465
Reserved for Debt Service Principal	-	-	325,239	-	-	-	-	-	-	-	-	325,239
Reserved for Contributions	-	-	-	-	-	-	25,000	-	-	-	-	25,000
Reserved for Property Taxes	767,036	-	181,466	48,525	-	-	-	-	-	-	-	997,027
Reserved for Budget Stabilization	111,923	-	-	-	-	-	-	-	-	-	-	111,923
Unreserved:												
Unreserved, Undesignated	(757,080)	102,830	-	1,328,124	-	-	2,942	-	-	-	-	676,816
Total Fund Equity and Other Credits	123,725	102,830	506,705	2,583,268	256,436	310,071	27,942	13,868,511	\$9,188,947	\$31,043,657		\$31,043,657
Total Liabilities, Fund Equity and Other Credits	\$2,941,826	\$128,416	\$973,168	\$3,140,219	\$328,551	\$397,188	\$76,831	\$13,868,511	\$9,188,947	\$31,043,657		\$31,043,657

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	Governmental Fund Types			Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service			
Revenues:						
Intergovernmental	\$5,452,876	\$269,823	\$70,537	\$516,020	\$0	\$6,309,256
Interest	107,786	-	-	237,807	49	345,642
Tuition and Fees	41,872	-	-	-	-	41,872
Rent	1,708	-	-	-	-	1,708
Extracurricular Activities	-	127,418	-	-	-	127,418
Gifts and Donations	-	12,477	-	-	600	13,077
Property & Other Local Taxes	3,251,077	-	770,626	205,543	-	4,227,246
Miscellaneous	11,515	12,703	-	-	-	24,218
Total Revenues	<u>8,866,834</u>	<u>422,421</u>	<u>841,163</u>	<u>959,370</u>	<u>649</u>	<u>11,090,437</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,142,760	37,406	-	21,001	-	4,201,167
Special	\$25,323	156,468	-	903	-	682,694
Vocational	99,008	-	-	-	-	99,008
Other	142,122	-	-	-	-	142,122
Support Services:						
Pupils	400,204	111,975	-	21,440	1,619	535,238
Instructional Staff	323,282	10,416	-	-	-	333,698
Board of Education	48,549	-	-	-	-	48,549
Administration	\$28,699	3,312	-	-	-	82,011
Fiscal	205,986	-	4,692	1,308	-	211,986
Operation and Maintenance of Plant	928,753	7,497	-	57,095	-	993,345
Pupil Transportation	758,056	-	-	-	-	758,056
Central	7,008	-	-	-	-	7,008
Non-Instructional Services	17,581	-	-	145,869	-	163,450
Extracurricular Activities	152,595	100,531	-	-	-	253,126
Capital Outlay	-	-	-	5,285,501	-	5,285,501
Debt Service:						
Debt Service - Principal	-	-	150,000	-	-	150,000
Debt Service - Interest	-	-	449,646	-	-	449,646
Total Expenditures	<u>8,579,926</u>	<u>427,605</u>	<u>604,338</u>	<u>5,533,117</u>	<u>1,619</u>	<u>15,146,605</u>
Excess of Revenues Over (Under) Expenditures	<u>286,908</u>	<u>(5,184)</u>	<u>236,825</u>	<u>(4,573,747)</u>	<u>(970)</u>	<u>(4,056,168)</u>
Other Financing Sources and Uses						
Operating Transfers In	-	500	-	-	-	500
Proceeds from Sale of Fixed Assets	600	-	-	-	-	600
Operating Transfers Out	(500)	-	-	-	-	(500)
Total Other Financing Sources (Uses)	<u>100</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>600</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>287,008</u>	<u>(4,684)</u>	<u>236,825</u>	<u>(4,573,747)</u>	<u>(970)</u>	<u>(4,055,568)</u>
Fund Balance at Beginning of Year	<u>(163,283)</u>	<u>107,514</u>	<u>269,880</u>	<u>7,157,015</u>	<u>3,126</u>	<u>7,374,252</u>
Fund Balance at End of Year	<u>\$123,725</u>	<u>\$102,830</u>	<u>\$506,705</u>	<u>\$2,583,268</u>	<u>\$2,156</u>	<u>\$3,318,684</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

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

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$5,452,875	\$5,452,875	\$0	\$260,432	\$260,432	\$0
Interest	107,786	107,786	-	-	-	-
Tuition and Fees	41,054	41,054	-	-	-	-
Rent	491	491	-	-	-	-
Extracurricular Activities	-	-	-	126,835	126,835	-
Gifts and Donations	-	-	-	12,477	12,477	-
Property & Other Local Taxes	2,714,793	2,714,793	-	-	-	-
Miscellaneous	11,929	11,929	-	8,068	8,068	-
Total Revenues	8,328,928	8,328,928	-	407,812	407,812	-
Expenditures:						
Current:						
Instruction:						
Regular	4,088,504	4,088,504	-	37,406	37,406	-
Special	523,101	523,101	-	161,028	161,028	-
Vocational	116,905	116,905	-	-	-	-
Other	142,122	142,122	-	-	-	-
Support Services:						
Pupils	423,959	423,959	-	110,720	110,720	-
Instructional Staff	317,811	317,811	-	1,025	1,025	-
Board of Education	49,164	49,164	-	-	-	-
Administration	849,156	849,156	-	3,312	3,312	-
Fiscal	208,169	208,169	-	-	-	-
Operation and Maintenance of Plant	924,205	924,205	-	7,497	7,497	-
Pupil Transportation	757,500	757,500	-	-	-	-
Central	7,008	7,008	-	-	-	-
Non-Instructional Services	17,968	17,968	-	-	-	-
Extracurricular Activities	153,337	153,337	-	100,531	100,531	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Debt Service - Principal	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-
Total Expenditures	8,578,909	8,578,909	-	421,519	421,519	-
Excess of Revenues Over (Under) Expenditures	(249,981)	(249,981)	-	(13,707)	(13,707)	-
Other Financing Sources and Uses						
Operating Transfers In	-	-	-	500	500	-
Proceeds from Sale of Fixed Assets	600	600	-	-	-	-
Refund of Prior Year Expenditures	2,897	2,897	-	1,846	1,846	-
Advances In	1,892	1,892	-	-	-	-
Operating Transfers Out	(500)	(500)	-	-	-	-
Advances Out	-	-	-	(1,892)	(1,892)	-
Total Other Financing Sources (Uses)	4,889	4,889	-	454	454	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(245,092)	(245,092)	-	(13,253)	(13,253)	-
Fund Balances at Beginning of Year	448,060	448,060	-	132,257	132,257	-
Prior Year Encumbrances Appropriated	79,081	79,081	-	5,501	5,501	-
Fund Balance at End of Year	\$282,049	\$282,049	\$0	\$124,505	\$124,505	\$0

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$70,537	\$70,537	\$0	\$516,020	\$516,020	\$0	\$0	\$0	\$0	\$6,299,864	\$6,299,864	\$0
-	-	-	237,807	237,807	-	49	49	-	345,642	345,642	-
-	-	-	-	-	-	-	-	-	41,054	41,054	-
-	-	-	-	-	-	-	-	-	491	491	-
-	-	-	-	-	-	-	-	-	126,835	126,835	-
-	-	-	-	-	-	600	600	-	13,077	13,077	-
637,458	637,458	-	170,240	170,240	-	-	-	-	3,522,491	3,522,491	-
-	-	-	-	-	-	-	-	-	19,997	19,997	-
707,995	707,995	-	924,067	924,067	-	649	649	-	10,369,451	10,369,451	-
-	-	-	21,001	21,001	-	-	-	-	4,146,911	4,146,911	-
-	-	-	903	903	-	-	-	-	685,032	685,032	-
-	-	-	-	-	-	-	-	-	116,905	116,905	-
-	-	-	-	-	-	-	-	-	142,122	142,122	-
-	-	-	21,440	21,440	-	1,619	1,619	-	557,738	557,738	-
-	-	-	-	-	-	-	-	-	318,836	318,836	-
-	-	-	-	-	-	-	-	-	49,164	49,164	-
-	-	-	-	-	-	-	-	-	852,468	852,468	-
4,692	4,692	-	1,308	1,308	-	-	-	-	214,169	214,169	-
-	-	-	61,661	61,661	-	-	-	-	993,363	993,363	-
-	-	-	-	-	-	-	-	-	757,500	757,500	-
-	-	-	-	-	-	-	-	-	7,008	7,008	-
-	-	-	200,046	200,046	-	-	-	-	218,014	218,014	-
-	-	-	-	-	-	-	-	-	253,868	253,868	-
-	-	-	7,309,455	7,309,455	-	-	-	-	7,309,455	7,309,455	-
150,000	150,000	-	-	-	-	-	-	-	150,000	150,000	-
449,646	449,646	-	-	-	-	-	-	-	449,646	449,646	-
604,338	604,338	-	7,615,814	7,615,814	-	1,619	1,619	-	17,222,199	17,222,199	-
103,657	103,657	-	(6,691,747)	(6,691,747)	-	(970)	(970)	-	(6,852,748)	(6,852,748)	-
-	-	-	-	-	-	-	-	-	500	500	-
-	-	-	-	-	-	-	-	-	600	600	-
-	-	-	-	-	-	-	-	-	4,743	4,743	-
-	-	-	-	-	-	-	-	-	1,892	1,892	-
-	-	-	-	-	-	-	-	-	(500)	(500)	-
-	-	-	-	-	-	-	-	-	(1,892)	(1,892)	-
-	-	-	-	-	-	-	-	-	5,343	5,343	-
103,657	103,657	-	(6,691,747)	(6,691,747)	-	(970)	(970)	-	(6,847,405)	(6,847,405)	-
221,582	221,582	-	1,893,561	1,893,561	-	3,126	3,126	-	2,698,586	2,698,586	-
-	-	-	6,376,881	6,376,881	-	-	-	-	6,461,463	6,461,463	-
\$325,239	\$325,239	\$0	\$1,578,695	\$1,578,695	\$0	\$2,156	\$2,156	\$0	\$2,312,644	\$2,312,644	\$0

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues:				
Tuition	\$1,500	\$0	\$0	\$1,500
Sales	369,029	-	-	369,029
Charges for Services	-	943,108	-	943,108
Interest	-	-	1,309	1,309
Other Revenues	1,305	270	-	1,575
Total Operating Revenues	<u>371,834</u>	<u>943,378</u>	<u>1,309</u>	<u>1,316,521</u>
Operating Expenses:				
Salaries	164,598	-	-	164,598
Fringe Benefits	101,350	-	-	101,350
Purchased Services	8,830	89,014	-	97,844
Materials and Supplies	213,166	-	-	213,166
Depreciation	5,752	-	-	5,752
Claims	-	750,847	-	750,847
Other	-	270	1,388	1,658
Total Operating Expenses	<u>493,696</u>	<u>840,131</u>	<u>1,388</u>	<u>1,335,215</u>
Operating Income (Loss)	<u>(121,862)</u>	<u>103,247</u>	<u>(79)</u>	<u>(18,694)</u>
Non-Operating Revenues and Expenses:				
Federal Donated Commodities	26,534	-	-	26,534
Interest	744	17,712	-	18,456
Federal and State Subsidies	79,463	-	-	79,463
Total Non-Operating Revenues and Expenses	<u>106,741</u>	<u>17,712</u>	<u>-</u>	<u>124,453</u>
Net Income (Loss)	<u>(15,121)</u>	<u>120,959</u>	<u>(79)</u>	<u>105,759</u>
Fund Balance/Retained Earnings at Beginning of Year	129,064	189,112	25,865	344,041
Fund Balance/Retained Earnings at End of Year	<u>\$113,943</u>	<u>\$310,071</u>	<u>\$25,786</u>	<u>\$449,800</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Increase/(Decrease) in Cash & Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Sales/Service Charges	\$369,154	\$943,108	\$0	\$1,312,262
Cash Received from Tuition and Fees	1,500	-	-	1,500
Other Cash Receipts	1,155	-	-	1,155
Cash Payments to Suppliers for Goods & Service	(187,792)	-	-	(187,792)
Cash Payments for Contract Services	(8,830)	-	-	(8,830)
Cash Payments for Employee Services	(175,123)	-	-	(175,123)
Cash Payments for Employee Benefits	(81,278)	(167,797)	-	(249,075)
Cash Payments for Claims	-	(671,712)	-	(671,712)
Other Cash Payments	-	-	(1,388)	(1,388)
Net Cash Provided by (Used for) Operating Activities	<u>(81,214)</u>	<u>103,599</u>	<u>(1,388)</u>	<u>20,997</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	78,776	-	-	78,776
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>78,776</u>	<u>-</u>	<u>-</u>	<u>78,776</u>
Cash Flows from Investing Activities:				
Interest on Investments	744	17,712	1,309	19,765
Net Cash Provided by (Used for) Investing Activities	<u>744</u>	<u>17,712</u>	<u>1,309</u>	<u>19,765</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(1,399)	-	-	(1,399)
Net Cash Provided by (Used for) Capital and related Financing Activities	<u>(1,399)</u>	<u>-</u>	<u>-</u>	<u>(1,399)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,093)</u>	<u>121,311</u>	<u>(79)</u>	<u>118,139</u>
Cash & Cash Equivalents at Beginning of Year	151,294	275,877	25,865	453,036
Cash & Cash Equivalents at End of Year	<u>\$148,201</u>	<u>\$397,188</u>	<u>\$25,786</u>	<u>\$571,175</u>
Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(\$121,862)	\$103,247	(\$79)	(\$18,694)
Adjustments to Reconcile Operating Income (loss) To Net Cash Provided by (Used for) Operating Activities:				
Depreciation	5,752	-	-	5,752
Donated Commodities Used During the Year	26,534	-	-	26,534
Non-Expendable Trust Fund Interest	-	-	(1,309)	(1,309)
(Increase) Decrease in Assets:				
Accounts Receivable	(24)	-	-	(24)
Material and Supplies Inventory	(1,553)	-	-	(1,553)
Increase (Decrease) in Liabilities:				
Compensated Absences Payable	(39)	-	-	(39)
Claims Payable	-	352	-	352
Intergovernmental Payable	11,210	-	-	11,210
Deferred Revenue	393	-	-	393
Accrued Wages and Benefits	(1,625)	-	-	(1,625)
Total Adjustments	<u>40,648</u>	<u>352</u>	<u>(1,309)</u>	<u>39,691</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$81,214)</u>	<u>\$103,599</u>	<u>(\$1,388)</u>	<u>\$20,997</u>
Reconciliation of Non-Expendable Trust Fund Cash Balance as of June 30, 1999				
Total Cash and Cash Equivalents per Balance Sheet, Trust and Agency Funds			\$76,266	
Cash Equivalents Agency Funds			(48,324)	
Cash Equivalents Expendable Trust Fund			(2,156)	
Cash Equivalents Nonexpendable Trust Fund			<u>\$25,786</u>	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1963 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 110 square miles. It is located in Richland and Knox Counties, and includes the Cities of Bellville and Butler and portions of Jefferson, Worthington, Washington, and Perry Townships in Richland County and portions of Pike and Brown Townships in Knox County. The School District is the 321st largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 78 non-certificated employees and 113 certificated full-time teaching personnel who provide services to 1,778 students and other community members. The School District currently operates 5 instructional buildings, one administrative building, and one garage.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization, or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

The School District is associated with four organizations, which are defined as a joint venture, a jointly governed organization, and insurance purchasing pools. These organizations include the North Central Ohio Computer Consortium, the Knox County Joint Vocational School District, the Ohio Mid Eastern Regional Educational Service Agency, and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 16, 17, and 18 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

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

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

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

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

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

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level within each fund. 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.

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 Richland County Budget Commission for rate determination.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing 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's Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

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.

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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is deposited in a central bank account or the State Treasurer's Investment Pool (STAR Ohio). Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to repurchase agreements and STAR Ohio. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

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. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

F. Estimates

The preparation of the 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 could differ from those estimates.

G. 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 expensed when used.

H. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

I. Intergovernmental Revenues

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

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

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant
Adult Vocational Equipment
Education Management Information Systems
Pilot Study Program
SchoolNet Professional Development
Telecommunity
Ohio Health
Textbooks/Instructional Materials Subsidy
Title VI-B
Title I
Title VI
Teacher Development
Special Education Transitions Funds
Federal School-to-Work

Capital Projects Funds

Vocational Education Equipment
SchoolNet
School Net Plus
Technology Equity
Power Up Technology
Emergency Building Repair

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 53 percent of the School District's operating revenue during the 1999 fiscal year.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

J. Interfund Assets/Liabilities

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.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District’s termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age or after 5 years of service and at least 50 years old. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and 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 available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

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

M. Interfund Transactions

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

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

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

O. Fund Balance Reserves

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

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

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

P. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the Enterprise funds that is 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.

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

At June 30, 1999, the Title I and Title VI-B funds had deficit fund balances of \$6,819 and \$3,691, respectively, which were created by the application of generally accepted accounting principles. These funds complied with Ohio state law, which does not permit a cash basis deficit at year end. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

**Clear Fork Valley Local School District
Richland County**

**Notes to the General Purpose Financial Statements
June 30, 1999**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The District repays debt from the debt service fund (budget non-GAAP 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 by fund type.

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	(\$245,092)	(\$13,253)	\$103,657	(\$6,691,747)	(\$970)
Adjustments for:					
Revenue Accruals	537,906	14,609	133,168	35,303	0
Expenditure Accruals	(4,028)	(6,086)	0	687,232	0
Other Sources/Uses	(4,789)	46	0	0	0
Encumbrances	3,011	0	0	1,395,465	0
GAAP Basis	<u>\$287,008</u>	<u>(\$4,684)</u>	<u>\$236,825</u>	<u>(\$4,573,747)</u>	<u>(\$970)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse purchase 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.

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificate of deposit.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

At fiscal year end, the School District had \$700 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was (\$29,283) and the bank balance was \$501,902. Of the bank balance, \$287,099 was covered by federal depository insurance and \$214,803 was covered by other collateral.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS – (Continued)

Funds Held by Fiscal Agent: The District participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The bank balance at fiscal year end for the Employee Benefit Self-Insurance Fund was \$396,921. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District's name. The School District's investments of \$3,962,281 in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are 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 classification of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statements No. 9	\$4,330,619	\$0
Cash on Hand	(700)	0
Cash with Fiscal Agent	(396,921)	0
Investments which are part of cash management pool:		
STAR Ohio	(3,962,281)	3,962,281
GASB Statement No. 3	<u>(\$29,283)</u>	<u>\$3,962,281</u>

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

The School District receives property taxes from Richland and Knox Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$767,036 in the General Fund, \$181,466 in the Bond Retirement Debt Service Fund and \$48,525 in the Permanent Improvement Capital Projects Fund.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 6 - PROPERTY TAXES - (Continued)

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

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$81,757,210	79%	\$84,757,700	80%
Public Utility	15,719,110	15%	15,321,220	14%
Tangible Personal Property	6,215,318	6%	6,200,260	6%
Total Assessed Value	<u>\$103,691,638</u>	<u>100%</u>	<u>\$106,279,180</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 52.60		\$ 58.78	

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), 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 fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$2,654,247
Accounts	2,518
Special Revenue	
Accounts	3,911
Debt Service Fund	
Taxes	647,929
Capital Project Funds	
Taxes	166,060
Enterprise Funds	
Accounts	11,348
Agency Funds	
Accounts	565
Total Receivables	<u>\$3,486,578</u>

Clear Fork Valley Local School District
Richland County

**Notes to the General Purpose Financial Statements
June 30, 1999**

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$236,208
Less: Accumulated Depreciation	<u>(79,064)</u>
Net Fixed Assets	<u>\$157,144</u>

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

Asset Category	Balance at 7/01/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$101,646	\$ 0	\$ 0	\$101,646
Buildings and Improvements	3,636,239	0	0	3,636,239
Furniture and Equipment	1,434,039	104,918	18,729	1,520,228
Vehicles	1,410,536	139,756	0	1,550,292
Construction in Progress	1,404,787	5,655,319	0	7,060,106
Totals	<u>\$7,987,247</u>	<u>\$5,899,993</u>	<u>\$18,729</u>	<u>\$13,868,511</u>

A summary of contributed capital for the Food Service enterprise fund is as follows:

Contributed capital at July 1, 1998	\$ 0
Current contributions	<u>142,493</u>
Contributed capital at June 30, 1999	<u>\$142,493</u>

NOTE 9 - RISK MANAGEMENT

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Clear Fork Valley Local School District
Richland County**

**Notes to the General Purpose Financial Statements
June 30, 1999**

NOTE 9 - RISK MANAGEMENT - (Continued)

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of 74 school districts within the State, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$87,117 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$132,018	\$484,561	\$529,814	\$86,765
1999	86,765	750,847	750,495	87,117

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$212,641, \$182,230, and \$182,866, respectively; equal to 45 percent of the required contributions for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$116,436 representing unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account.

**Clear Fork Valley Local School District
Richland County**

**Notes to the General Purpose Financial Statements
June 30, 1999**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

B. State Teachers Retirement System

The Clear Fork Valley Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1998, were 9.3 percent of covered payroll for members and 14 percent for employers. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$618,499, \$603,225, and \$557,868, respectively; equal to 84 percent of the required contributions for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$99,904 representing unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account.

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, 1997, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8 percent of covered payroll.

For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

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

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate is 4.98 percent. 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 1998, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits were \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

For the District the amount to fund health care benefits, including surcharge, equaled \$115,356 during the 1999 fiscal year.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 235 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for both classified and certificated employees.

B. Life Insurance

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

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Balance At 07/01/98	Additions	Deductions	Balance at 06/30/99
1997 Series A Bonds	\$950,000	\$0	\$15,000	\$935,000
Building Improvement Bonds	100,000	0	50,000	50,000
School Improvement Bonds	7,763,510	0	85,000	7,678,510
Long-Term Bonds	\$8,813,510	\$0	\$150,000	\$8,663,510
Pension Obligation	92,643	5,956	0	98,599
Compensated Absences	396,732	30,106	0	426,838
Total Long-Term Obligations	\$9,302,885	\$36,062	\$150,000	9,188,947

Building General Obligation Bonds - In December 1977, the Clear Fork Valley Local School District issued voted general obligation bonds for building improvements. The bonds were issued for a twenty two year period with final maturity at December 1999. The bonds will be retired from the debt service fund. The interest rate on the bonds is 5.25 percent.

1997 Series A Bonds - In March 1998, the Clear Fork Valley Local School District issued \$950,000 in voted general obligation bonds for building improvements. The bonds were issued for 27 years with final maturity at December 2024. The bonds will be retired from the debt service fund. The interest rate on the bonds is currently 4.45 percent.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 13 - LONG-TERM OBLIGATIONS -- (Continued)

School Improvement Bond – In July 1998, the Clear Fork Valley Local School District issued \$7,763,510 in voted general obligation bonds for building. The bonds were issued for 27 years with a final maturity at December 2024. The bonds will be retired from the debt service fund. The variable interest rate on the bonds is currently 4.15 percent.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$901,616 with an unvoted debt margin of \$106,279 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$155,000	\$442,852	\$597,852
2001	135,000	436,413	571,413
2002	145,000	430,262	575,262
2003	155,000	423,510	578,510
2004	185,000	415,729	600,729
2005-2009	1,215,000	1,921,536	3,136,536
2010-2014	1,915,000	1,529,989	3,444,989
2015-2019	2,875,000	898,000	3,773,000
2020-2024	1,785,057	142,818	1,927,875
2025	98,453	2,047	100,500
Total	<u>\$8,663,510</u>	<u>\$6,643,156</u>	<u>\$15,306,666</u>

**Clear Fork Valley Local School District
Richland County**

**Notes to the General Purpose Financial Statements
June 30, 1999**

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	Food Service	Uniform School Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$365,272	\$5,062	\$1,500	\$371,834
Operating Expenses before Depreciation	482,156	4,717	1,071	487,944
Depreciation Expense	5,752	0	0	5,752
Operating Income (Loss)	(122,636)	345	429	(121,862)
Donated Commodities	26,534	0	0	26,534
Operating Grants	79,463	0	0	79,463
Interest	744	0	0	744
Net Income (Loss)	(15,895)	345	429	(15,121)
Net Working Capital	97,968	493	831	99,292
Total Assets	327,227	493	831	328,551
Total Liabilities	72,115	0	0	72,115
Contributed Capital	142,493	0	0	142,493
Total Equity	112,619	493	831	113,943

NOTE 15 - CONTRACTUAL COMMITMENTS

As of June 30, 1999, the School District had contractual purchase commitments as follows:

Company	Amount Remaining
Ben D. Imhoff, Inc.	\$787,989
Custom Fabricators, Inc.	178,995
Library Design Associates, Inc.	15,635
Schmid Plumbing & Heating, Inc.	22,210
Spring Electrical Construction Co.	192,445
Standard Plumbing & Heating	267,405
Universal Refrigeration	25,943
Total	\$1,490,622

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 16 - JOINT VENTURE

North Central Ohio Computer Cooperative - The North Central Ohio Computer Cooperative (NCOCC) is a governmental joint venture consisting of 21 school districts and 2 county boards of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each member district supports NCOCC based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of NCOCC, all current members will share in the net obligations or asset liquidation in a ratio proportionate to their last twelve months' financial obligations. NCOCC is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have an equity interest in NCOCC as the residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from Jerry Payne, who serves as the Treasurer, at P. O. Box 309, 27 Ryan Road, Shelby, Ohio 44875.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Knox County Joint Vocational School - The Knox County Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Knox County Joint Vocational School District, Ghislaine M. Quinn, who serves as Treasurer, at 306 Martinsburg Road, Mount Vernon, Ohio 43050.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio Mid-Eastern Regional Education Services Agency - The District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing insurance. OME-RESA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 18 - INSURANCE PURCHASING POOL - (Continued)

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 19 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The District is not party to any claims or lawsuits that would have a material effect on the general purpose financial statements.

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

Clear Fork Valley Local School District
Richland County

**Notes to the General Purpose Financial Statements
June 30, 1999**

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES - (Continued)

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$47,793	\$47,793
Current Year Set-aside Requirement	128,259	128,259	64,130	320,648
Current Year Offsets	(25,974)	(128,259)	0	(154,233)
Qualifying Disbursements	(102,285)	0	0	(102,285)
Cash Balance Carried Forward to FY 2000	\$0	\$0	\$111,923	\$111,923
Amount restricted for Budget Stabilization				\$111,923
Total Restricted Assets				\$111,923

NOTE 21 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$5,132,384 of school foundation support for its general fund.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in the Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 22 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

The school district has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting through the State's Education Management and Information System (EMIS). The District has several school buildings with power systems, which have extensive efficiency utilization measures within the systems.

Clear Fork Valley Local School District
Richland County

Notes to the General Purpose Financial Statements
June 30, 1999

NOTE 22 - YEAR 2000 ISSUE – (Continued)

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and State of Ohio uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

The School District currently is assessing the changes needed in the power systems. Systems may have to be remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be Year 2000 ready.

SUPPLEMENTAL DATA

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Grant Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$25,564		\$26,534
(A) (C) National School Lunch Program	10.555	N/A	\$74,756		\$74,756	
(A) (C) Special Milk Program for Children	10.556	N/A	887		887	
Total Nutrition Grant Cluster			<u>75,643</u>	<u>25,564</u>	<u>75,643</u>	<u>26,534</u>
Total U. S. Department of Agriculture			<u>75,643</u>	<u>25,564</u>	<u>75,643</u>	<u>26,534</u>
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010 84.010	C1-S1 98 C1-S1 99	140,900		24,375 128,688	
Total Title I			<u>140,900</u>		<u>153,063</u>	
Title VI-B - Education of the Handicapped Act	84.027 84.027	6B-SF 97 P 6B-SF 98 P	54,540		3,277 51,676	
Total Title VI-B			<u>54,540</u>		<u>54,953</u>	
Title VI- Innovative Educational Program Strategies	84.298	C2-S1 99	6,651		6,651	
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION AND MID-OHIO EDUCATIONAL SERVICE CENTER:						
Safe and Drug-Free Schools State Grants	84.186	N/A	9,326		9,326	
Eisenhower Professional Development Grant	84.281	N/A	9,379		9,379	
Total Mid-Ohio Educational Service Center			<u>18,705</u>		<u>18,705</u>	
SPRINT TELEPHONE COMPANY						
E-Rate Telecommunications Grant	88.001	N/A	5,189		5,189	
Total U. S. Department of Education			<u>225,985</u>		<u>238,561</u>	
U. S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
School to Work Passthrough	17.249	N/A	5,000		525	
Total U. S. Department of Labor			<u>5,000</u>		<u>525</u>	
Total Federal Financial Assistance			<u>\$306,628</u>	<u>\$25,564</u>	<u>\$314,729</u>	<u>\$26,534</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (C) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Report on Compliance And on Internal Control Required By *Government Auditing Standards*

Board of Education
Clear Fork Valley Local School District
107 Main Street
Bellville, Ohio 44813

We have audited the general purpose financial statements of Clear Fork Valley Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 7, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clear Fork Valley Local School District's general purpose 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, which we have reported to management of Clear Fork Valley Local School District in a separate letter dated December 7, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clear Fork Valley Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, which we have reported to management of Clear Fork Valley Local School District in a separate letter dated December 7, 1999.

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

Trimble, Julian, & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 7, 1999

TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance With Requirements Applicable to Each Major Program And Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Education
Clear Fork Valley Local School District
107 Main Street
Bellville, Ohio 44813

Compliance

We have audited the compliance of Clear Fork Valley Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Clear Fork Valley Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each federal program is the responsibility of Clear Fork Valley Local School District's management. Our responsibility is to express an opinion on Clear Fork Valley Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit 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 Clear Fork Valley Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clear Fork Valley Local School District's compliance with those requirements.

In our opinion, Clear Fork Valley Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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 management, the Board of Education of Clear Fork Valley Local School District, 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
December 7, 1999

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
JUNE 30, 1999**

I. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Nutrition Grant Cluster: Food Distribution, CFDA #10.550; National School Lunch Program, CFDA #10.555; Special Milk Program for children, CFDA #10.556; Title I, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND 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.

By:

Susan Babbitt

Date:

JAN 13 2000