



**GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Gibsonburg Exempted Village School District
Sandusky County
300 South Harrison Street
Gibsonburg, Ohio 43431-1256

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Gibsonburg Exempted Village School District, Sandusky 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 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 District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

As more fully described in Note 16 to the general-purpose financial statements, restatements were made to reclassify a certain fund type.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2000, 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 federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 26, 2000

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash, cash equivalents, and investments	\$ 3,279,529	\$ 194,844	\$ 1,373	\$ 165,078
Equity in pooled cash and cash equivalents and investments:				
Nonexpendable trust fund				
Receivables (net of allowances of uncollectibles)	1,787,713		77,514	40,418
Property taxes - current and delinquent	145			
Accounts	6,848	55		168
Accrued interest	54,175			
Interfund loan receivable				
Due from other governments	9,942			
Prepayments				
Materials and supplies inventory				
Restricted assets:				
Equity in pooled cash and cash equivalents	42,747			
Property, plant and equipment (net of accumulated depreciation where applicable)				
Other Debits:				
Amount available in Debt Service Fund				
Amount to be provided for retirement of General Long-Term Obligations				
Total assets and other debits	<u>\$ 5,181,099</u>	<u>\$ 194,899</u>	<u>\$ 78,887</u>	<u>\$ 205,664</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 151,338	\$ 27,045	\$ 0	\$ 0	\$ 3,819,207
	66,388			66,388
				1,905,645
291				436
268	147			7,486
				54,175
11,419				11,419
				9,942
6,434				6,434
				42,747
20,550		4,661,478		4,682,028
			17,848	17,848
			584,972	584,972
\$ 190,300	\$ 93,580	\$ 4,661,478	\$ 602,820	\$ 11,208,727

(Continued)

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 192	\$ 0	\$ 0	\$ 0
Accrued wages and benefits	459,961	19,920		
Compensated absences payable	15,521			
Pension obligation payable	80,110	10,736		
Interfund loan payable		1,100		50,000
Deferred revenue	1,369,950		61,039	28,816
Due to students				
Due to Others	59,590			
Asbestos removal loan payable				
Energy conservation notes payable				
Total liabilities	<u>1,985,324</u>	<u>31,756</u>	<u>61,039</u>	<u>78,816</u>
Equity and Other Credits:				
Investment in general fixed assets				
Retained earnings: unreserved				
Fund balances:				
Reserved for encumbrances	256,954	45,382		1,171
Reserved for prepayments	9,942			
Reserved for debt service			1,373	
Reserved for tax revenue unavailable for appropriation	417,763		16,475	11,602
Reserved for principal endowment				
Reserved for capital improvements	13,473			
Reserved for budget stabilization	29,274			
Reserved for scholarships				
Designations	261,698			
Unreserved-undesignated	2,206,671	117,761		114,075
Total equity and other credits	<u>3,195,775</u>	<u>163,143</u>	<u>17,848</u>	<u>126,848</u>
Total liabilities, equity and other credits	<u>\$ 5,181,099</u>	<u>\$ 194,899</u>	<u>\$ 78,887</u>	<u>\$ 205,664</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 0	\$ 0	\$ 0	\$ 0	\$ 192
14,950				494,831
5,366			305,472	326,359
10,758			42,716	144,320
	3,075			54,175
2,860				1,462,665
	19,961			19,961
				59,590
			9,030	9,030
			245,602	245,602
<u>33,934</u>	<u>23,036</u>	<u>0</u>	<u>602,820</u>	<u>2,816,725</u>
		4,661,478		4,661,478
156,366				156,366
	835			304,342
				9,942
				1,373
				445,840
	66,527			66,527
				13,473
				29,274
				0
				261,698
	3,182			2,441,689
<u>156,366</u>	<u>70,544</u>	<u>4,661,478</u>	<u>0</u>	<u>8,392,002</u>
<u>\$ 190,300</u>	<u>\$ 93,580</u>	<u>\$ 4,661,478</u>	<u>\$ 602,820</u>	<u>\$ 11,208,727</u>

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

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
From local sources:		
Taxes	\$ 1,868,800	\$ 0
Tuition	18,496	
Earnings on investments	183,864	1,310
Other local revenues	26,264	93,724
Intergovernmental - State	3,474,804	101,421
Intergovernmental - Federal		264,629
Total revenue	<u>5,572,228</u>	<u>461,084</u>
Expenditures:		
Current:		
Instruction:		
Regular	2,769,594	81,675
Special	358,902	122,690
Vocational	13,456	
Other	6,275	
Support services:		
Pupil	278,731	13,398
Instructional staff	101,523	27,608
Board of Education	29,805	
Administration	531,332	56,682
Fiscal	150,520	
Business	5,921	
Operations and maintenance	534,226	1,363
Pupil transportation	261,318	2,060
Central	1,187	
Community services	51,986	3,739
Extracurricular activities	129,916	93,548
Facilities services	7	
Debt service:		
Principal retirement		
Interest and fiscal charges		
Total expenditures	<u>5,224,699</u>	<u>402,763</u>
Excess of revenues over (under) expenditures	347,529	58,321
Other financing sources (uses):		
Operating transfers in		
Operating transfers out	(12,005)	
Total other financing sources (uses)	<u>(12,005)</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	335,524	58,321
Fund balance, July 1	<u>2,860,251</u>	<u>104,822</u>
Fund balance, June 30	<u>\$ 3,195,775</u>	<u>\$ 163,143</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$ 81,843	\$ 44,133	\$ 0	\$ 1,994,776
	4,801	773	18,496
	173,966	2,827	190,748
			122,815
			3,750,191
			264,629
<u>81,843</u>	<u>222,900</u>	<u>3,600</u>	<u>6,341,655</u>
	8,136		2,859,405
			481,592
			13,456
			6,275
		151	292,129
			129,282
			29,805
	1,650		588,014
			152,170
			5,921
	125,442		661,031
			263,378
	158,113		159,300
		2,496	58,221
			223,464
	588,174		588,181
58,453			58,453
17,611			17,611
<u>76,064</u>	<u>881,515</u>	<u>2,647</u>	<u>6,587,688</u>
5,779	(658,615)	953	(246,033)
	12,005		12,005
			(12,005)
<u>0</u>	<u>12,005</u>	<u>0</u>	<u>0</u>
5,779	(646,610)	953	(246,033)
12,069	773,458	3,064	3,753,664
<u>\$ 17,848</u>	<u>\$ 126,848</u>	<u>\$ 4,017</u>	<u>\$ 3,507,631</u>

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

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 1,830,900	\$ 1,751,102	\$ (79,798)	\$ 0	\$ 0	\$ 0
Tuition	15,460	18,496	3,036			
Earnings on investments	131,752	183,270	51,518	405	1,306	901
Other local revenues	17,000	25,082	8,082	93,080	93,979	899
Intergovernmental - State	3,015,100	3,474,804	459,704	101,421	101,421	0
Intergovernmental - Federal				264,628	264,628	0
Total revenues	5,010,212	5,452,754	442,542	459,534	461,334	1,800
Expenditures:						
Current:						
Instruction:						
Regular	2,986,906	2,876,112	110,794	123,109	95,354	27,755
Special	387,156	362,086	25,070	169,449	123,645	45,804
Vocational	23,294	20,358	2,936			
Other	6,275	6,275	0			
Support services:						
Pupil	293,523	272,388	21,135	23,305	14,142	9,163
Instructional staff	120,700	106,321	14,379	45,922	31,354	14,568
Board of Education	42,333	36,446	5,887			
Administration	604,889	527,062	77,827	64,005	57,504	6,501
Fiscal	158,016	152,483	5,533			
Business	6,000	5,975	25			
Operations and maintenance	669,053	574,825	94,228	2,547	1,439	1,108
Pupil transportation	369,926	309,440	60,486	4,608	3,338	1,270
Central	1,550	1,222	328	107	107	0
Community services	56,195	51,385	4,810	11,770	8,021	3,749
Extracurricular activities	145,181	130,265	14,916	111,546	108,766	2,780
Facilities services	2,500	7	2,493			
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	5,873,497	5,432,650	440,847	556,368	443,670	112,698
Excess of revenues over (under) expenditures	(863,285)	20,104	883,389	(96,834)	17,664	114,498
Other financing sources (uses):						
Refund of prior year's expenditures		1,543	1,543			
Refund of prior year's (receipts)				(8,908)	(8,908)	0
Operating transfers in	483,284	483,284	0			
Operating transfers (out)	(495,889)	(495,889)	0			
Advances in		78,977	78,977	1,100	1,100	0
Advances (out)	(54,175)	(54,175)	0	(76,177)	(76,177)	0
Total other financing sources (uses)	(66,780)	13,740	80,520	(83,985)	(83,985)	0
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(930,065)	33,844	963,909	(180,819)	(66,321)	114,498
Fund balance, July 1	2,834,150	2,834,150	0	178,772	178,772	0
Prior year encumbrances appropriated	137,546	137,546	0	37,010	37,010	0
Fund balance, June 30	\$ 2,041,631	\$ 3,005,540	\$ 963,909	\$ 34,963	\$ 149,461	\$ 114,498

The notes to the general-purpose financial statements are an integral part of this statement.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 76,064	\$ 76,064	\$ 0	\$ 39,300	\$ 41,007	\$ 1,707	\$ 1,946,264	\$ 1,868,173	\$ (78,091)
						15,460	18,496	3,036
			5,100	4,951	(149)	137,257	189,527	52,270
			223,204	173,966	(49,238)	3,339,725	3,750,191	410,466
						264,628	264,628	0
<u>76,064</u>	<u>76,064</u>	<u>0</u>	<u>267,604</u>	<u>219,924</u>	<u>(47,680)</u>	<u>5,813,414</u>	<u>6,210,076</u>	<u>396,662</u>
			10,955	9,307	1,648	3,120,970	2,980,773	140,197
						556,605	485,731	70,874
						23,294	20,358	2,936
						6,275	6,275	0
						316,828	286,530	30,298
						166,622	137,675	28,947
						42,333	36,446	5,887
						668,894	584,566	84,328
			2,000	1,685	315	160,016	154,168	5,848
						6,000	5,975	25
			153,854	125,442	28,412	825,454	701,706	123,748
						374,534	312,778	61,756
			158,113	158,113	0	159,770	159,442	328
						67,965	59,406	8,559
						256,727	239,031	17,696
			588,605	588,174	431	591,105	588,181	2,924
58,453	58,453	0				58,453	58,453	0
17,611	17,611	0				17,611	17,611	0
<u>76,064</u>	<u>76,064</u>	<u>0</u>	<u>913,527</u>	<u>882,721</u>	<u>30,806</u>	<u>7,419,456</u>	<u>6,835,105</u>	<u>584,351</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(645,923)</u>	<u>(662,797)</u>	<u>(16,874)</u>	<u>(1,606,042)</u>	<u>(625,029)</u>	<u>981,013</u>
							1,543	1,543
						(8,908)	(8,908)	0
			12,005	12,005	0	495,289	495,289	0
						(495,889)	(495,889)	0
				50,000	50,000	1,100	130,077	128,977
						(130,352)	(130,352)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>12,005</u>	<u>62,005</u>	<u>50,000</u>	<u>(138,760)</u>	<u>(8,240)</u>	<u>130,520</u>
			(633,918)	(600,792)	33,126	(1,744,802)	(633,269)	1,111,533
1,373	1,373	0	713,345	713,345	0	3,727,640	3,727,640	0
			51,354	51,354	0	225,910	225,910	0
<u>\$ 1,373</u>	<u>\$ 1,373</u>	<u>\$ 0</u>	<u>\$ 130,781</u>	<u>\$ 163,907</u>	<u>\$ 33,126</u>	<u>\$ 2,208,748</u>	<u>\$ 3,320,281</u>	<u>\$ 1,111,533</u>

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating revenues:			
Tuition and fees	\$ 33,367		\$ 33,367
Sales/charges for services	172,861		172,861
Investment earnings		3,179	3,179
Total operating revenues	<u>206,228</u>	<u>3,179</u>	<u>209,407</u>
Operating expenses:			
Personal services	122,787		122,787
Contract services	4,867		4,867
Materials and supplies	177,361		177,361
Depreciation	1,472		1,472
Other	206	1,800	2,006
Total operating expenses	<u>306,693</u>	<u>1,800</u>	<u>308,493</u>
Operating income (loss)	<u>(100,465)</u>	<u>1,379</u>	<u>(99,086)</u>
Nonoperating revenues:			
Operating grants	71,688		71,688
Interest and fiscal charges	6,631		6,631
Federal commodities	26,647		26,647
Total nonoperating revenues	<u>104,966</u>	<u>0</u>	<u>104,966</u>
Net income	4,501	1,379	5,880
Retained earnings/fund balance July 1	<u>151,865</u>	<u>65,148</u>	<u>217,013</u>
Retained earnings/fund balance June 30	<u>\$ 156,366</u>	<u>\$ 66,527</u>	<u>\$ 222,893</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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

	Proprietary Fund Types	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$ 33,562	\$ 0	\$ 33,562
Cash received from sales/service charges	172,861		172,861
Cash received from other operations		(1,800)	(1,800)
Cash payments for personal services	(126,645)		(126,645)
Cash payments for contract services	(4,867)		(4,867)
Cash payments supplies and materials	(150,871)		(150,871)
Cash payments for other expenses	(206)		(206)
Net cash used in operating activities	(76,166)	(1,800)	(77,966)
Cash flows from noncapital financing activities:			
Cash received from operating grants	70,252		70,252
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(16,875)		(16,875)
Cash flows from investing activities:			
Interest received	6,658	3,177	9,835
Net increase (decrease) in cash and cash equivalents	(16,131)	1,377	(14,754)
Cash and cash equivalents at beginning of year	167,469	65,011	232,480
Cash and cash equivalents at end of year	\$ 151,338	\$ 66,388	\$ 217,726
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ (100,465)	\$ 1,379	\$ (99,086)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	1,472		1,472
Federal donated commodities	26,647		26,647
Interest reported as operating income		(3,179)	(3,179)
Changes in assets and liabilities:			
Decrease in supplies inventory	1,133		1,133
Decrease in accounts receivable	195		195
Decrease in accounts payable	(247)		(247)
Increase in accrued wages and benefits	3,027		3,027
Decrease in compensated absences payable	(6,505)		(6,505)
Decrease in pension obligation payable	(380)		(380)
Decrease in deferred revenue	(1,043)		(1,043)
Net cash used in operating activities	\$ (76,166)	\$ (1,800)	\$ (77,966)

The notes to the general-purpose financial statements are an integral part of this statement.

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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Gibsonburg Exempted Village School District (the District) is located in Sandusky County, including all of the Village of Gibsonburg, Ohio, and portions of surrounding townships.

The District is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District was originally chartered by the Ohio State Legislature. In 1853, State laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.09 of the Ohio Revised Code. The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District currently operates one elementary school and one comprehensive high school. The District employs 37 non-certified and 78 certified (including administrative) full-time and part-time employees to provide services to approximately 1,082 students in grades K through 12 and various community groups, which ranks it 467 out of approximately 612 school districts in Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Gibsonburg Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. The financial statements of the reporting entity include those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

Jointly Governed Organizations:

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each school district. The Board of Directors of the BACG consist of one elected representative of each county, the

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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superintendent of the fiscal agent and two non-voting members (administrator and fiscal agent). Members of the Board serve two-year terms which are staggered. Financial information can be obtained by contacting Betty Schwiefert, who serves as fiscal agent, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard Sentinel Joint Vocational School

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District. Financial information can be obtained from Jay Valasek, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

Joint Venture Without Equity Interest:

Northern Ohio Educational Computer Association (NOECA)

NOECA is a joint venture among 38 school districts. 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 of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions. NOECA 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 NOECA because 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 Betty Schwiefert, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

1. Governmental Funds

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures 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 debt 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 and Trust funds).

2. Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's Proprietary Fund Type.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Agency funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

4. Account Groups

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary funds and Trust funds.

C. Measurement Focus/Basis of Accounting

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

All Proprietary funds and Nonexpendable Trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues.

Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)

The Proprietary funds and Nonexpendable Trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination.
3. Prior to April 1st, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the School District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations 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.
5. 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.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 1999 in the following amounts:

	<u>Increase/(Decrease)</u>
General Fund	\$ 807,596
Special Revenue	273,687
Capital Projects	73,760
Enterprise	45,800
Internal Service	13,000
Expendable Trust	1,400
Nonexpendable Trust	(500)
Agency	<u>15,326</u>
 Total All Funds	 <u>\$1,230,069</u>

8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

Encumbrance accounting is utilized with school district funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Proprietary funds (if any) are disclosed in the notes to the financial statements.

E. Cash and Investments

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

During 1999, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), repurchase agreements and certificates of deposit.

Investments are reported at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

By policy of the Board of Education, investment earnings are assigned to the General Fund, the Permanent Improvement Fund, Food Service Fund, the Special Trust Funds, the Internal Service Fund, the Endowment Fund, any District Managed Student Activity Fund and any Student Activity Fund. The following funds were credited more interest than would have been received based upon their share of the District's investments during fiscal 1999:

	Interest Assigned From Other District Funds
General Fund	\$27,877
Special Revenue Fund	50
Expendable Trust Fund	596
Agency Fund	519

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. Inventory

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepays

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than three years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Assets Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)

recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Buildings	30-50
Building Improvements	10-20
Improvements other than buildings	10-20
Furniture, Fixtures and Minor Equipment	8-20
Vehicles	10-15

I. Intergovernmental Revenues

In Governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available (to the extent such grants and entitlements relate to the current fiscal year). Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Capital Projects Fund

State Property Tax Relief

Special Revenue Fund

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Disadvantaged Pupil Program
Teacher Development
Management Information Systems
Public School Preschool
Data Communication for Schools
Instructional Materials Subsidy
Instructional Programs for Migrant Children
Education for Economic Security
Preschool for the Handicapped
Title VI-B
Title I

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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Title VI
Learn and Serve

Capital Projects
School Net
Technology Equity Grant
Emergency School Building Repair Grant
Power-up Grant

Reimbursable Grants

General Fund
School Bus Purchases
Driver Education

Proprietary
National School Lunch Program
National School Milk Program

Grants and entitlements amounted to approximately 63% of the District's operating revenue during the 1999 fiscal year.

J. Short-Term Interfund Receivables/Payables

At June 30, 1999 the District had short-term interfund loans which are classified as "interfund loans receivable/payable." All such short-term interfund loans are made pursuant to Board of Education resolution and are repaid in the following fiscal year. An analysis of interfund balances is reflected in Note 5.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments (the District's requirement of 8 years' service in the District supercedes each retirement system's minimum criteria for retirement eligibility), as well as those employees expected to become eligible in the future. For purposes of establishing a liability for this future severance eligibility, all employees at least fifty (50) years of age, with at least eight (8) years of service, or twenty (20) years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

L. Long-Term Obligations

Long term debt is recognized as a liability of a Governmental fund when due, or when resources have been accumulated in the Debt Service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary fund operations are accounted for in those funds.

M. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, debt service, prepaids, budget stabilization, scholarships, capital improvements, and tax revenue unavailable for appropriation. In addition, although the Nonexpendable Trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of the principal endowment, and for available cash from which student scholarship awards will be made. The unreserved portion of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

Fund balance designations represent management plans for financial resource utilization in the future.

N. Statutory Reserves

The District is required by state law to set aside certain (cash basis) general fund revenue amounts as defined by statute, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Improvement Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance July 1, 1998	\$ 0	\$ 0	\$ 29,274	\$ 29,274
Required Set-Aside	83,803	83,803	0	167,606
Offset Credits	(15,306)	0	0	(15,306)
Qualifying				
Expenditures	<u>(267,126)</u>	<u>(70,330)</u>	<u>0</u>	<u>(337,456)</u>
Balance June 30, 1999	<u><u>\$(198,629)</u></u>	<u><u>\$ 13,473</u></u>	<u><u>\$ 29,274</u></u>	<u><u>\$(155,882)</u></u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)

Although the School District had off-sets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year. The District has set-aside \$261,698 in excess of statutory requirements. The excess amounts are for Textbook, Capital Improvement and Budget and are reported as "designations" on the balance sheet.

O. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 1999 is presented in Note 5.

P. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Proprietary and Nonexpendable Trust funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short-term investments (maturity of 90 days or less from date of purchase).

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Q. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1992. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. The monies set aside for instructional materials and capital improvements are also recorded as restricted assets. See Note 2 N for statutory reserves.

S. Memorandum Only - Total Columns

Total columns on the General-Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position 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 AND COMPLIANCE

Deficit Fund Balances/Retained Earnings

Fund balances at June 30, 1999 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Title VI-B \$ (271)	
<u>Capital Projects</u>	
Emergency Repair Grant	(50,000)

These GAAP-basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

NOTE 4 - EQUITY IN POOLED CASH 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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)

withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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 only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

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8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At year end, the District had \$145 in undeposited cash on hand which is included on the Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits: At year-end the carrying amount of the District's deposits was \$3,239,883 and the bank balance was \$3,364,250 (both exclusive of payroll clearance accounts, and both including \$529,637 in non-negotiable certificates of deposit). Of the bank balance:

1. \$210,416 was covered by federal deposit insurance.
2. \$3,153,834 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: GASB Statement No. 3 entitled, Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements, requires the District investments to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Repurchase Agreements	\$147,188	\$147,188	\$147,188
Not Subject to Categorization:			
Investment in State			
Treasurer's Investment			
Pool	_____	541,126	541,126
Total Investments	\$147,188	\$688,314	\$688,314

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

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(Continued)

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9 Investments of the Cash Management Pool:	\$3,928,342	
State Treasurer's Investment Pool	(541,126)	\$ 541,126
Repurchase Agreement	(147,188)	147,188
Cash on Hand	(145)	
 Total GASB Statement No.3 Cash Equity Carrying Amount	 \$3,239,883	 \$688,314

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and/or payable:

	Interfund Loans Receivable	(Payable)
<u>General Fund</u>	\$54,175	
<u>Special Revenue Funds</u>		
District Managed Student Activity		\$ (1,100)
<u>Capital Projects Fund</u>		
Emergency School Building Repair		(50,000)
<u>Agency Fund</u>		
Student Managed Activity		(3,075)
 Total Interfund Loans	 \$54,175	 \$(54,175)

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies (50% of market) and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1998 taxes were collected was \$61,478,500. Agricultural/Residential and public utility real estate represented 74.8 %, or \$45,982,940 of this total; Commercial/Industrial real estate represented 8.5%, or \$5,210,340 of this total; public utility tangible represented 10.9%, or \$6,718,200 of this total; and general tangible property represented 5.8%, or \$3,567,020. The voted general tax rate for operations during the period was \$40.00 per \$1,000.00 of assessed valuation; and the voted rate for permanent improvements was \$2.00 per \$1,000.00 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Sandusky County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, 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, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (tuition and student fees), and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current & Delinquent	\$1,787,713
<u>Debt Service Fund</u>	
Taxes - Current & Delinquent	77,514
<u>Capital Projects Fund</u>	
Taxes - Current & Delinquent	40,418
<u>Enterprise Funds</u>	
Operating Grants	11,419

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 8 - FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	Audited Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1999</u>
Land				
Improvements	\$ 27,854			\$ 27,854
Buildings/ Improvements	1,842,507	\$642,101		2,484,608
Eq. and Furniture	1,488,962	298,842	\$ (52,384)	1,735,420
Vehicles	<u>424,265</u>	<u>53,522</u>	<u>(64,191)</u>	<u>413,596</u>
Total	<u>\$3,783,588</u>	<u>\$994,465</u>	<u>\$(116,575)</u>	<u>\$4,661,478</u>

A summary of the Proprietary fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$106,252
Less Accumulated Depreciation	<u>(85,702)</u>
Net Fixed Assets	<u>\$ 20,550</u>

NOTE 9 - LONG-TERM DEBT

Energy conservation notes and asbestos removal loans outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these notes are recorded as expenditures in the Debt Service fund. Ohio statute allows for the issuance of these notes and loans without voter approval, and the subsequent repayment of the notes from operating revenues.

A. The following is a description of the Gibsonburg Exempted Village School District loan and note outstanding as of June 30, 1999:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 7/01/98</u>	<u>Retired In Fiscal 1999</u>	<u>Balance 6/30/99</u>
Asbestos Removal Loan	None	01/30/88	06/30/01	\$ 14,030	\$ (5,000)	\$ 9,030
School Energy Conservation Note	6.16%	01/15/93	01/15/03	<u>299,055</u>	<u>(53,453)</u>	<u>245,602</u>
				<u>\$ 313,085</u>	<u>\$(58,453)</u>	<u>\$254,632</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for energy conservation notes and asbestos removal loans:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 61,796	\$14,268	\$ 76,064
2001	64,379	10,715	75,094
2002	64,123	6,941	71,064
2003	<u>64,334</u>	<u>2,930</u>	<u>67,264</u>
Total	<u>\$254,632</u>	<u>\$34,854</u>	<u>\$289,486</u>

- C. During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Audited Balance <u>July 1, 1998</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 1999</u>
Compensated Absences	\$292,632	\$ 34,077	\$ (21,237)	\$305,472
Asbestos Removal Loan	14,030		(5,000)	9,030
Energy Conservation Notes	299,055		(53,453)	245,602
Pension Obligation	<u>35,533</u>	<u>42,716</u>	<u>(35,533)</u>	<u>42,716</u>
TOTAL	<u>\$641,250</u>	<u>\$76,793</u>	<u>\$(115,223)</u>	<u>\$602,820</u>

D. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district.

The effects of these debt limitations for the District at June 30, 1999 are a voted debt margin of \$5,550,913 (including available funds of \$17,848) and an unvoted debt margin of \$61,479.

NOTE 10 - RISK MANAGEMENT

The School District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The School District pays premiums to the Association based upon the benefits structured selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$100,000 and aggregate claims in excess of 120 percent of expected claims.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

During fiscal year 1999, The District purchased from Nationwide Insurance Company (through the Ohio School Boards Association) general liability insurance, which carried a \$1 million per occurrence/\$5 million annual aggregate limitation.

Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded, as are all benefit plans offered to employees.

OSBA WORKERS' COMPENSATION GROUP RATING

The District is a member of the OSBA Workers' Compensation Group Rating Program established in April 1991. The program was created by the Ohio School Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of food service and uniform supply sales. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenue	\$171,637	\$34,591	\$206,228
Depreciation	1,472		1,472
Operating Loss	(97,118)	(3,347)	(100,465)
Operating Grants	71,688		71,688
Net Income (Loss)	7,848	(3,347)	4,501
Net Working Capital	121,416	24,146	145,562
Total Assets	166,154	24,146	190,300
Total Liabilities	33,934		33,934
Total Fund Equity	132,220	24,146	156,336
Encumbrances at 6/30/99	10,418		10,418

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$111,437, \$88,516, and \$67,681, respectively; 51 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$54,840, which represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$449,012, \$415,628, and \$386,297, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$74,692, which represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$256,578 during the 1999 fiscal year. As of July 1, 1998, eligible benefit recipients totaled \$91,999. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$55,581 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs paid by SERS were \$111,900,575.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
Budget Basis	\$ 33,844	\$(66,321)		\$(600,792)
Net Adjustment for Revenue Accruals	119,474	(250)	\$5,779	2,976
Net Adjustment for Expenditure Accruals	(49,195)	(4,476)		35
Net Adjustment for Other Financing Sources/(Uses)	(25,745)	83,985		(50,000)
Adjustment for Encumbrances	<u>257,146</u>	<u>45,383</u>	<u> </u>	<u>1,171</u>
GAAP Basis	<u>\$335,524</u>	<u>\$ 58,321</u>	<u>\$5,779</u>	<u>\$(646,610)</u>

NOTE 15 - CONTINGENT LIABILITIES

A. Grants

The School District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School District at June 30, 1999.

B. Litigation

The District is party to legal proceedings. The District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

C. 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 State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$3,232,052 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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. As of June 30, 1999, The Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in 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 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 16 - RECLASSIFICATION

Premiums collected and paid to the San-Ott Schools Employee Welfare Benefit Association, a self-sustained association providing health coverage, were previously reported under an internal service fund. The District now chooses to account for its Health insurance premiums within the General fund. Governmental Accounting Standards recommend using the minimum number of funds necessary. The District feels this activity can be accounted for in the General fund. Changes to the beginning balance are as follows:

	General	Internal Service
Balance as previously reported	\$ 2,919,841	\$ 59,590
Reclassification	59,590	59,590
Restated balance at June 30, 1999	\$ 2,860,251	\$ 0

NOTE 17 - YEAR 2000 ISSUE

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

Gibsonburg Exempted Village School District has inventoried its computer systems and other electronic equipment that may be affected by the year 2000 issue and that are 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)).

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits and the State of Ohio Equipment Inventory System for its fixed assets accounting. 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 basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems.

Sandusky County is responsible for any costs associated with the tax collection and distribution to the District.

To the best of management's knowledge and belief, as of January 26, 2000, the District experienced no interruption on operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, known.

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**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education:</i>		
Nutrition Cluster:		
Food Distribution		10.550
National School Lunch Program	045385 03PU 0098 045385 04PU 0098 045385 03PU 0099 045385 04PU 0099	10.555
Total National School Lunch Program		
Special Milk Program for Children	045385 02PU 0098 045385 02PU 0099	10.556
Total Special Milk Program for Children		
School Breakfast Program	045385 05PU 0098	10.553
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
Special Education Cluster:		
Special Education Grants to States (IDEA Part B)	045385 6B-SF 99	84.027
Special Education - Preschool Grants	045385 PG-S1 99	84.173
Total Special Education Cluster		
Title I Grants to Local Educational Agencies	045385 C1-S1 95 045385 C1-S1 97 045385 C1-S1 98 045385 C1-S1 99	84.010
Total Title I Grants to Local Educational Agencies		
Innovative Educational Program Strategies	045385 C2-S1 98 045385 C2-S1 98C 045385 C2-S1 99	84.298
Total Innovative Educational Program Strategies		
Eisenhower Professional Development State Grants	045385 MS-S1 95 045385 MS-S1 96 045385 MS-S1 98 045385 MS-S1 98C 045385 MS-S1 99	84.281
Total Eisenhower Professional Development State Grants		
Migrant Education-Basic State Grant Program	045385 MG-S1 96 045385 MG-S1 97 045385 MG-S1 98 045385 MG-S1 98C 045385 MG-S1 99	84.011
Total Migrant Education-Basic State Grant Program		
Total Department of Education		
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
<i>Passed Through Ohio Department of Education:</i>		
Learn and Serve America School and Community Based	045385 SV-S4 97 045385 SV-S4 98 045385 SV-S4 98C	94.004
Total Learn and Serve America School and Community Based		

Totals

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
\$ 0	\$ 26,102	\$ 0	\$ 26,102
5,331		5,331	
13,633		13,633	
15,423		15,423	
29,187		29,187	
<u>63,574</u>	<u>0</u>	<u>63,574</u>	<u>0</u>
313		313	
774		774	
<u>1,087</u>	<u>0</u>	<u>1,087</u>	<u>0</u>
1,533		1,533	
<u>66,194</u>	<u>26,102</u>	<u>66,194</u>	<u>26,102</u>
48,076		48,076	
3,549		3,549	
<u>51,625</u>	<u>0</u>	<u>51,625</u>	<u>0</u>
		318	
		500	
49,639		71,097	
70,450		49,596	
<u>120,089</u>	<u>0</u>	<u>121,511</u>	<u>0</u>
		3,869	
		397	
3,933		532	
<u>3,933</u>	<u>0</u>	<u>4,798</u>	<u>0</u>
		117	
		539	
		157	
		1,333	
3,983		517	
<u>3,983</u>	<u>0</u>	<u>2,663</u>	<u>0</u>
		53	
		200	
		41,773	
		4,755	
85,000		21,339	
<u>85,000</u>	<u>0</u>	<u>68,120</u>	<u>0</u>
264,630	0	248,717	0
		124	
		45	
2,563		2,424	
<u>2,563</u>	<u>0</u>	<u>2,593</u>	<u>0</u>
<u>\$ 333,387</u>	<u>\$ 26,102</u>	<u>\$ 317,504</u>	<u>\$ 26,102</u>

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Gibsonburg Exempted Village School District
Sandusky County
300 South Harrison Street
Gibsonburg, Ohio 43431-1256

To the Board of Education:

We have audited the financial statements of the Gibsonburg Exempted Village School District, Sandusky County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 26, 2000, in which we noted that the District reclassified a certain fund type. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 26, 2000.

Gibsonburg Exempted Village School District
Sandusky County, Ohio
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, the Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Gibsonburg Exempted Village School District
Sandusky County
300 South Harrison Street
Gibsonburg, Ohio 43431-1256

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 26, 2000.

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

Jim Petro
Auditor of State

January 26, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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OFFICE OF THE AUDITOR

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GIBSONBURG EXEMPTED VILLAGE SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 15, 2000**