

**MIDVIEW LOCAL
SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED
JUNE 30, 1999*

MARJORIE FENTON, TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Midview Local School District
Grafton, Ohio 44044

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

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



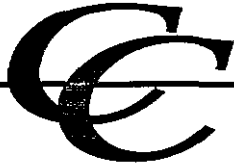
JIM PETRO
Auditor of State

July 14, 2000

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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COSTIN + COMPANY

Certified Public Accountants
35945 Center Ridge Road
North Ridgeville, OH 44039

INDEPENDENT AUDITOR'S REPORT

Board of Education
Midview Local School District

We have audited the accompanying general purpose financial statements of the Midview Local School 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 Midview Local School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State and 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 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 Midview Local School District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3(B) to the financial statements, the District changed their method of accounting for prepaid expenses, consumable inventory and compensated absences.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2000 on our consideration of the Midview Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

North Ridgeville, Ohio
May 16, 2000

i

MIDVIEW LOCAL SCHOOL DISTRICT
 LORAIN COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Debt Service			Trust and Agency	General Fixed Assets	Long-Term Obligations	General		
		Special Revenue	Capital Projects					Enterprise	Fixed Assets	
ASSETS AND OTHER DEBITS										
ASSETS:										
Equity in pooled cash and cash equivalents	\$2,277,829	\$425,281	\$1,822,999	\$198,519	\$123,444					\$5,503,422
Cash with fiscal agent	3,025	3,038								6,063
Receivables (net of allowances of uncollectibles):										
Property taxes - current & delinquent	6,228,059	26,440	342,181							8,101,207
Accounts	8,700	278		9,524						18,502
Interfund loan receivable	407									407
Due from other governments	1,155			36,963						38,118
Advances to other funds	54,160									54,160
Prepayments	12,769									12,769
Materials and supplies inventory	93,351			33,938						127,289
Restricted assets:										
Equity in pooled cash and cash equivalents	226,097									226,097
Property, plant and equipment (net of accumulated depreciation where applicable)				59,377				\$15,675,707		15,735,084
OTHER DEBITS:										
Amount available for debt service									\$360,000	360,000
Amount to be provided for retirement of General Long-Term Obligations									1,365,584	1,365,584
Total assets and other debits	\$8,902,527	\$454,759	\$2,165,180	\$338,321	\$123,444			\$15,675,707	\$1,725,584	\$31,548,702

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

--Continued

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)		
	General	Special Revenue	Debt Service	Capital Projects			Enterprise	Trust and Agency	General		Long-Term Obligations	
									General		Fixed Assets	
LIABILITIES, EQUITY AND OTHER CREDITS												
LIABILITIES:												
Accounts payable	\$55,922	\$31,122		\$802,338	\$2,604	\$620				\$892,606		
Accrued wages and benefits	1,917,099	15,594			17,787					1,950,480		
Compensated absences payable	112,254				20,992			\$1,153,104		1,286,350		
Pension obligation payable	248,006	5,208			18,493			146,383		418,290		
Interfund loan payable		407							407			
Advances from other funds					54,160					54,160		
Deferred revenue	5,163,602	1,247,574	\$14,425	267,860	6,713	106,564				6,700,174		
Due to students										106,564		
Matured bonds payable			3,038							3,038		
General obligation bonds payable									360,000	360,000		
Obligation under capital lease									65,897	65,897		
Total liabilities	7,496,883	1,299,905	17,463	1,070,198	120,749	107,184		1,725,584		11,837,966		
EQUITY AND OTHER CREDITS:												
Investment in general fixed assets									\$15,675,707	15,675,707		
Retained earnings: unreserved					217,572					217,572		
Fund balances:												
Reserved for encumbrances	160,896	46,722		557,657		1,102				766,377		
Reserved for supplies inventory	93,351									93,351		
Reserved for prepayments	12,769									12,769		
Reserved for debt service			425,296							425,296		
Reserved for tax revenue unavailable for appropriation	1,067,262	256,953	12,015	74,321						1,410,551		
Reserved for budget stabilization	226,097									226,097		
Reserved for advances	54,160									54,160		
Unreserved-undesignated	(208,891)	559,600	(15)	463,004		15,158				828,856		
Total equity and other credits	1,405,644	863,275	437,296	1,094,982	217,572	16,260		15,675,707		19,710,736		
Total liabilities, equity and other credits	\$8,902,527	\$2,163,180	\$454,759	\$2,165,180	\$338,321	\$123,444		\$15,675,707	\$1,725,584	\$31,548,702		

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

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$5,929,183	\$1,422,324	\$31,867	\$339,163		\$7,722,537
Tuition	13,552					13,552
Earnings on investments	286,781					286,781
Other local revenues	140,688	148,792		9,283	\$14,624	313,387
Other revenue	40,035	7,447				47,482
Intergovernmental - State	8,647,199	254,965	2,964	373,759		9,278,887
Intergovernmental - Federal	27,570	431,577				459,147
Total revenue	15,085,008	2,265,105	34,831	722,205	14,624	18,121,773
Expenditures:						
Current:						
Instruction:						
Regular	7,196,816	869,530		28,888	9,283	8,104,517
Special	1,062,611	225,676				1,288,287
Vocational	239,230					239,230
Other	74,040					74,040
Support services:						
Pupil	858,203	52,091		1,180		911,474
Instructional staff	314,192	13,760				327,952
Board of Education	205,839					205,839
Administration	1,645,458	34,382		763,154		2,442,994
Fiscal	392,008	21,928	371	4,976		419,283
Business	108,247					108,247
Operations and maintenance	1,156,760			113,548		1,270,308
Pupil transportation	1,007,201	9,323		184,305		1,200,829
Community services		50				50
Extracurricular activities	330,211	138,403				468,614
Facilities services	16,481			175,045		191,526
Debt service:						
Principal retirement	63,590		250,000			313,590
Interest and fiscal charges	8,524		30,298			38,822
Total expenditures	14,679,411	1,365,143	280,669	1,271,096	9,283	17,605,602
Excess (deficiency) of revenues over (under) expenditures	405,597	899,962	(245,838)	(548,891)	5,341	516,171
Other financing sources (uses):						
Operating transfers in	141,205	186,831		1,333,305		1,661,341
Operating transfers out	(718,121)	(974,510)		(9,283)		(1,701,914)
Total other financing sources (uses)	(576,916)	(787,679)		1,324,022		(40,573)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(171,319)	112,283	(245,838)	775,131	5,341	475,598
Fund balance, July 1	1,483,612	750,992	683,134	319,851	10,919	3,248,508
Increase in reserve for inventory	93,351					93,351
Fund balance, June 30	\$1,405,644	\$863,275	\$437,296	\$1,094,982	\$16,260	\$3,817,457

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

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
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			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes.....	\$6,029,660	\$6,029,660	\$0	\$1,492,819	\$1,492,819	\$0	\$25,308	\$25,308	\$0	\$331,480	\$331,480	\$0	\$7,879,047	\$7,879,047	\$0
Tuition.....	16,000	16,337	337										16,000	16,337	337
Earnings on investments.....	293,000	286,781	(6,219)										241,000	286,781	45,781
Other local revenues.....	131,940	127,746	(4,194)	132,740	140,398	7,658				9,283	9,283	0	279,963	277,427	(2,536)
Other revenues.....	48,033	40,033	(8,000)	7,447	7,447	0							47,482	47,482	0
Intergovernmental - State.....	8,474,273	8,647,744	173,471	348,199	354,063	(5,864)	2,964	2,964	0	31,718	373,239	342,041	8,857,154	9,279,432	422,278
Intergovernmental - Federal.....	38,800	37,571	(1,229)	431,577	431,577	0							463,377	459,148	(4,229)
Total revenues.....	14,973,488	15,175,674	202,186	2,412,782	2,327,206	(85,576)	28,272	28,272	0	372,481	714,522	342,041	17,787,023	18,243,674	456,651
Expenditures:															
Contract:															
Instructor:															
Regular.....	7,555,725	6,941,504	614,221	914,738	891,069	23,669				34,635	28,087	5,748	8,705,098	7,861,460	843,638
Special.....	1,371,266	1,098,774	272,492	263,530	213,310	48,240							241,069	240,122	947
Vocational.....	94,369	67,768	26,601										93,369	67,768	25,601
Other.....	1,119,242	875,074	244,168	88,488	53,470	35,018				1,200	1,180	20	1,208,950	927,724	279,226
Payroll.....	338,391	310,926	27,465	16,582	13,719	2,863							334,643	304,328	30,315
Instructional staff.....	233,078	203,319	29,759										221,078	203,319	17,759
Board of Education.....	1,847,671	1,640,056	207,615	98,454	25,103	73,351				378,226	371,986	4,240	2,319,551	2,039,143	280,408
Administration.....	438,332	387,080	51,252	34,000	21,928	12,072				3,300	4,976	334	488,148	414,333	73,815
Facilities.....	109,282	106,533	2,749				516	371	145				107,282	106,533	7,749
Business.....	1,449,598	1,275,169	174,429							159,264	149,771	9,493	1,604,662	1,434,940	169,722
Operations and maintenance.....	1,466,349	1,015,151	451,197	22,611	9,310	13,301				569,075	348,997	159,078	1,998,035	1,374,459	623,576
Capital.....	355,024	329,893	25,131	2,300	50	2,250							2,300	50	2,250
Community services.....	42,500	37,500	4,000	263,330	146,734	116,596				453,371	254,883	206,488	476,334	292,383	183,951
Extracurricular activities.....															
Facilities services.....															
Debt service:															
Principal retirement.....				250,000	250,000	0							250,000	250,000	0
Interest and fiscal charges.....				30,298	30,298	0							30,298	30,298	0
Total expenditures.....	16,871,736	14,491,980	2,379,756	1,709,242	1,376,693	332,549	280,669	280,669	145	1,343,071	1,163,680	379,391	20,460,883	17,313,022	3,091,861
Excess (deficiency) of revenues over (under) expenditures.....	(1,898,248)	683,694	2,581,942	703,540	950,513	246,973	(252,542)	(252,542)	145	(1,170,590)	(649,158)	721,432	-2,617,840	932,652	3,550,492
Other financing sources (uses):															
Refund of prior year's expenditures.....	9,355	9,355	0												9,355
Refund of prior year's receipts.....	(100)	(48)	52												(48)
Operating transfers in.....	269,999	269,999	0	194,198	194,198	4,740				1,333,305	1,333,305	0	1,792,762	1,797,502	4,740
Operating transfers out.....	(850,660)	(850,660)	0	(977,571)	(977,571)	645,165				(9,283)	(9,283)	0	(2,482,679)	(1,837,514)	645,165
Advances in.....	20,332	20,332	0	407	407	0							20,739	20,739	0
Advances out.....	(407)	(407)	0										(407)	(407)	0
Total other financing sources (uses).....	(533,488)	(533,488)	0	(783,366)	(783,366)	649,905				1,334,022	1,334,022	0	(680,330)	(10,373)	649,905
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(2,431,736)	150,206	2,581,942	(79,802)	167,147	896,878	(252,542)	(252,542)	145	153,432	874,864	721,432	(3,278,170)	922,279	4,200,449
Fund balance, July 1.....	2,087,906	2,087,906	0	418,734	418,734	0	677,677	677,677	0	182,559	162,539	0	3,346,896	3,346,896	0
Prior year encumbrances appropriated.....	221,822	221,822	0	9,904	9,904	0				183,772	183,772	0	417,498	417,498	0
Fund balance, June 30.....	(\$1,400,001)	\$2,441,993	\$2,381,994	(\$306,673)	\$586,305	\$396,878	(\$25,114)	(\$25,114)	\$145	\$507,763	\$1,225,193	\$721,432	(\$486,274)	\$4,686,671	\$4,200,449

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

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$81,849
Sales/charges for services	381,044
Other operating revenues	84,222
Total operating revenues	547,115
Operating expenses:	
Personal services	273,583
Contract services	17,964
Materials and supplies	376,469
Depreciation	3,426
Other	480
Total operating expenses	671,922
Operating loss	(124,807)
Nonoperating revenues (expenses):	
Operating grants	151,123
Federal commodities	50,550
Interest revenue	1,328
Loss on sale of assets	(670)
Total nonoperating revenues	202,331
Net income before operating transfers	77,524
Operating transfers in	55,573
Operating transfers out	(15,000)
Net income	118,097
Retained earnings, July 1	99,475
Retained earnings, June 30	\$217,572

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$81,829
Cash received from sales/service charges	455,762
Cash payments for personal services	(255,469)
Cash payments for contract services	(17,964)
Cash payments supplies and materials	(320,162)
Cash payments for other expenses	(480)
Net cash used in operating activities	(56,484)
Cash flows from noncapital financing activities:	
Cash received from operating grants	135,517
Cash received from interfund transfers	53,573
Cash used in interfund transfers	(15,000)
Cash payments used in repayment of interfund loans	(20,198)
Net cash provided by noncapital financing activities	155,892
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(7,473)
Net cash used in capital and related financing activities	(7,473)
Cash flows from investing activities:	
Interest received	1,328
Net cash provided by investing activities	1,328
Net increase in cash and cash equivalents	93,263
Cash and cash equivalents at beginning of year	105,256
Cash and cash equivalents at end of year	\$198,519
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$123,426)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,426
Federal donated commodities	50,550
Changes in assets and liabilities:	
Decrease in supplies inventory	7,605
Increase in accounts receivable	(9,524)
Increase in accounts payable	2,097
Increase in accrued wages & benefits	5,582
Increase in compensated absences payable	14,103
Increase in pension obligation payable	18,493
Decrease in due to other governments	(20,064)
Decrease in deferred revenue	(3,945)
Net cash used in operating activities	(\$55,103)

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Midview Local School District (the "District") is located in Lorain County in Northern Ohio. The District includes the townships of Belden, Eaton, Carlisle and Grafton and the Village of Grafton, covering approximately 64 square miles.

The District was organized in accordance with Sections 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 District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates 2 elementary schools, 1 middle school, and 1 comprehensive high school. The District employs 133 non-certified and 209 certified (including administrative) full-time and part-time employees to provide services to approximately 3,277 students in grades K through 12 and various community groups, which ranks it 140th out of 612 school districts in Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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

Jointly Governed Organizations:

Lake Erie Regional Council (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization among thirteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, natural gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge (except for insurance). The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, located at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal 1999, the District paid \$734,208 (including insurance premiums) to LERC.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District (the "JVS") is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the JVS comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The District's students may attend the JVS on a tuition-free basis. Each school district's control is limited to its representation on the board. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Fiscal information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 1999, the District paid \$299,046.61 to LEECA for basic service charges.

The District is also a participant in a group rating plan (GRP) for workers compensation premiums, and a shared-risk pool for employee fringe benefits, both of which are discussed in Note 11.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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.

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:

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).

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

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 are the District's Proprietary Fund Types:

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.

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 and Agency Funds. Expendable Trust funds are accounted for in essentially the same manner as Governmental 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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 District, other than those accounted for in the Proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary 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 the Expendable Trust fund 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 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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 they are intended to finance 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 recognition 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.

The Proprietary 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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 Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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 District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

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.
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</u>
General Fund	\$ 1,977,000
Special Revenue Funds	1,042,738
Debt Service Funds	24,238
Capital Projects Funds	450,744
Enterprise Funds	112,865
Agency Fund	107,200
Total	<u>\$ 3,714,785</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 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 (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds are reported in Note 12.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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" (both unrestricted and restricted) on the combined balance sheet.

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

Investments are reported at cost except for investments in STAR Ohio, which is 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 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.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Federal regulations require that interest also be allocated to the Food Service fund. Interest revenue credited to the General fund during fiscal 1999 totaled \$286,781 which included \$142,234 assigned from other funds of the District.

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

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

F. Inventory

Inventories of all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

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. Prepaids

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 prepayment and deferrals 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. 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 five 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.

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

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 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	25 - 50
Furniture, Fixtures and Minor Equipment	5 - 20
Vehicles	4 - 6

I. **Intergovernmental Revenues**

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. 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

Special Revenue Funds

State Property Tax Relief
Disadvantaged Pupil Impact Aid

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

Debt Service Fund

State Property Tax Relief

Capital Projects Funds

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development
Management Information Systems
Title VI-B
Title I
Title VI
Drug-Free Schools
Data Communications Support
Child Abuse
SchoolNet Professional Development
Textbook/Instructional Material Subsidy
Family and School Partnership

Capital Project Funds

School Net

Reimbursable Grants

General Fund

School Bus Purchases
Driver Education

Proprietary

National School Lunch Program
National School Milk Program

Grants and entitlements amounted to over 52% of the District's operating revenue during the 1999 fiscal year.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

J. 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.

K. 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, supplies inventory, advances, debt service, prepaids, tax revenue unavailable for appropriation, and budget stabilization. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

L. 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 (GASB), 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 accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service; or twenty (20) years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

M. 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

N. Statutory Reserves

The District is required by State law to set aside certain General fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Balance, June 30, 1998	\$ -	\$ -	\$ 97,303
Required Set-Aside	257,587	257,587	128,794
Qualifying Expenditures	<u>(377,273)</u>	<u>(647,187)</u>	<u>-</u>
Total	<u>(119,686)</u>	<u>(389,600)</u>	<u>226,097</u>
Cash Balance Carried Forward to FY 2000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,097</u>

Although the District had offsets 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 year.

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	<u>\$226,097</u>
Total restricted assets	<u>\$226,097</u>

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

O. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board (GASB) 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 (Exhibit 5) a statement of cash flows for its Enterprise 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).

P. 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, 1993. 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.

Q. 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. A fund balance reserve has also been established. See Note 2. N. for statutory reserves.

R. Estimates

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

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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

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

A. Deficit Retained Earnings

Retained earnings at June 30, 1999 included the following individual fund deficit:

	<u>Deficit Balance</u>
<u>Enterprise Fund</u>	
Uniform School Supplies	\$(30,791)

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

B. Change in Accounting Method

i. Agency Funds

In prior years, the District has reported Agency funds using the modified accrual basis of accounting. For fiscal 1999, Agency funds are reported using the budget (cash) basis of accounting. No restatement is required because Agency funds do not report results of operations. There were no material receivables in the Agency funds at June 30, 1999.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

ii. Prepaids

The District has elected to report an asset for prepayments in 1999. While reporting prepaid assets is optional under current reporting requirements, the District believes that the amount reported for prepaid assets is significant, although these assets do not represent spendable, available resources, and a reservation of fund equity has consequently been recorded. It was not practical to determine the amount of prepaid assets, if any, at June 30, 1998.

iii. Consumable Inventory

The District has reported an asset for consumable inventory values in the General Fund at June 30, 1999. The District believes that the amount reported for consumable inventory is significant, although it does not represent spendable, available resources, and a reservation of fund equity has consequently been recorded. It was not practical to determine the amount of General Fund consumable inventory, if any, at June 30, 1998.

iv. Compensated Absences

In prior years, the District used the termination method to determine the liability for compensated absences in accordance with GASB Statement No. 16. For 1999, the District has used the vesting method to determine the June 30, 1999 compensated absences liability. The District believes the vesting method is more practical in its particular case, as well as being in line with vesting criteria imposed by both the State Teachers Retirement System and School Employees Retirement System. Management believes any difference resulting from the use of either method is insignificant, for either the period ended June 30, 1999, or the prior period.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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;

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 (STAROhio);
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
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 with Fiscal Agent: At year end, \$6,063 was on deposit in the District's debt service athletic account, and are included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Deposits: At year-end the carrying amount of the District's deposits was \$(291,821) and the bank balance was \$9,448 (both amounts include cash on deposit with fiscal agents). The entire bank balance was secured by federal deposit insurance.

Investments: The District's investments are required to be categorized to give an indication of 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 of Risk 3	Fair Value
Repurchase Agreements	\$ 860,000	\$ 860,000
Not Subject to Categorization		
Investment in State		
Treasurer's Investment Pool	-	5,167,403
	\$ 860,000	\$ 6,027,403

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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

	Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 5,729,519	\$ -
Investments of the Cash		
Management Pool:		
Repurchase Agreements	(860,000)	860,000
State Treasurer's Investment Pool	(5,167,403)	5,167,403
Cash with Fiscal Agent:		
Deposit	6,063	-
	\$ (291,821)	\$ 6,027,403

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a reconciliation of the District's long-term advances receivables and payables at June 30, 1999:

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 54,160	\$ -
<u>Enterprise Fund</u>		
Uniform School Supplies	-	(54,160)
	\$ 54,160	\$ (54,160)

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

	Interfund Loans Receivable	Interfund Loans (Payable)
General Fund	\$ 407	\$ -
<u>Special Revenue Fund</u>		
Miscellaneous State Grants	-	(407)
	\$ 407	\$ (407)

C. The following is a reconciliation of the District's operating transfers for 1999:

	Transfers In	Transfers Out
General Fund	\$ 141,205	\$ (718,121)
<u>Special Revenue Fund</u>		
Emergency Levy	140,000	(974,509)
Public School Support	5,000	-
Disadvantaged Public Program	-	(1)
Title VI-B	25,879	-
Title I	15,952	-
Total Special Revenue Funds	186,831	(974,510)
<u>Capital Projects Funds</u>		
Permanent Improvement	1,333,305	(9,283)
<u>Enterprise Funds</u>		
Uniform School Supplies	36,290	-
Recreation	19,283	-
Special Enterprise	-	(15,000)
Total Enterprise Funds	55,573	(15,000)
Total All Fund Types	\$ 1,716,914	\$ (1,716,914)

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

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 November 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.

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 which is assessed 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 \$283,392,035. Agricultural/Residential, public utility and mineral real estate represented 78.6% or \$222,815,420 of this total; Commercial & Industrial real estate represented 7.8% or \$22,009,690; public utility tangible 7.7% or \$21,728,480 and general tangible property 5.9% or \$16,838,445. The voted general tax rate for operations at the fiscal year ended June 30, 1999 was \$43.04 per \$1,000.00 of assessed valuation; the voted rate for debt service was \$0.10 per \$1,000.00 of assessed valuation and \$2.00 per \$1,000.00 of assessed valuation for permanent improvements.

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 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - PROPERTY TAXES - (Continued)

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 (rent and student fees), and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "due from other governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and 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 and delinquent	\$6,228,059
Accounts	8,700
Advances to other funds	54,160
 <u>Special Revenue Funds</u>	
Taxes - current and delinquent	1,504,527
 <u>Debt Service Funds</u>	
Taxes - current and delinquent	26,440
 <u>Capital Projects Funds</u>	
Taxes - current and delinquent	342,181
 <u>Enterprise Funds</u>	
Due from other governments	36,963
Accounts	9,524

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 8 - FIXED ASSETS

	Balance at July 1, 1998	Increase	Deletions	Balance at June 30, 1999
Land/improvements	\$ 730,994	\$ -	\$ (2,975)	\$ 728,019
Building/improvements	11,948,438	-	-	11,948,438
Equipment and vehicles	3,213,994	412,423	(627,167)	2,999,250
	<u>\$ 15,893,426</u>	<u>\$ 412,423</u>	<u>\$ (630,142)</u>	<u>\$ 15,675,707</u>

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

Furniture and Equipment	\$ 226,117
Less: Accumulated Depreciation	<u>(166,740)</u>
Net Fixed Assets	<u>\$ 59,377</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of copiers.

The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board (FASB), "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 1999 fiscal year totaled \$63,590. This amount is reflected as debt service principal retirement in the General fund.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is an analysis of the equipment acquired by capital lease as of June 30, 1999:

	<u>General Fixed Assets</u>
Equipment (copiers)	\$338,728
Carrying Value	<u>\$338,728</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 1999.

	<u>General Long-Term Obligations</u>
<u>June 30 Year Ending</u>	<u>Total</u>
2000	\$ 41,942
2001	22,833
2002	3,920
2003	<u>1,633</u>
Total Future Minimum Lease Payments	<u>70,328</u>
Less: Amount Representing Interest	<u>(4,431)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 65,897</u>

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 10 - LONG-TERM DEBT

Tax anticipation notes and general obligations bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Debt Obligations Group. Payments of principal and interest relating to these bonds are recorded as expenditures in the Debt Service fund. The source of payment is derived from a current \$.10 mill bonded debt tax levy.

- A. The following is a description of the Midview Local School District bonds and notes outstanding as of June 30, 1999:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance 7/1/98	(Retired) Fiscal 1999	Balance 6/30/99
Emergency Levy Note	3.75%	12/21/93	12/01/98	\$ 160,000	\$ (160,000)	\$ -
School Improvement Bonds	6.75%	01/01/78	12/01/02	450,000	(90,000)	360,000
				<u>\$ 610,000</u>	<u>\$ (250,000)</u>	<u>\$ 360,000</u>

- B. The following is a summary of the District's future annual debt service requirements to maturity for the school improvement bond:

Year Ending June 30	Principal On School Improvement Bond	Interest On School Improvement Bond	Total
2000	\$ 90,000	\$ 21,263	\$ 111,263
2001	90,000	15,188	105,188
2002	90,000	9,133	99,133
2003	90,000	3,038	93,038
Total	<u>\$ 360,000</u>	<u>\$ 48,622</u>	<u>\$ 408,622</u>

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 10 - LONG-TERM DEBT - (Continued)

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.

	Balance July 1, 1998	Increase	Decrease	Balance June 30, 1999
Compensated Absences	\$ 1,353,406	\$ 134,640	\$ (334,942)	\$ 1,153,104
Emergency Levy Note	160,000	-	(160,000)	-
School Improvement Bond	450,000	-	(90,000)	360,000
Pension Obligation Payable	132,263	146,583	(132,263)	146,583
Capital Lease Obligation	129,487	-	(63,590)	65,897
Total	\$ 2,225,156	\$ 281,223	\$ (780,795)	\$ 1,725,584

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt 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 \$25,582,594 (including available funds of \$437,311) and an unvoted debt margin of \$283,392.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and nature disasters. The District has contracted with the Love Insurance Company for property insurance. Professional liability is protected by the Wausau National Insurance Company with a \$5,000,000 aggregate limit.

Vehicles are covered by the Wausau National Insurance Company. Automobile liability has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past several years.

Performance bonds of \$20,000 are maintained for the superintendent, the treasurer and the school board president by Wausau National Insurance Company.

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

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

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 11 - RISK MANAGEMENT - (Continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participating in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative cost control and actuarial services to the GRP.

The District provides life insurance and accidental death and dismemberment insurance to its employees. Life insurance is covered through the Medical Life and Insurance Company.

The District has contracted with Lake Erie Regional Employee Protection Plan (LEEP) to provide medical/surgical and dental benefits for its employees and their covered dependents. LEEP is a shared risk pool comprised of thirteen school districts with Lorain County.

The districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$125,000 per participant.

Premium contributions are determined annually based on the claims experience of the individual districts. Premiums can be increased or decreased by up to 15% of the prior year's contribution. Member districts may become liable for additional contributions to fund the liability of the pool. Within the event of termination, all participating district's claims would be paid without regard to their individual account balances. The LEEP Board of Directors has authority to return monies to an exiting district subsequent to the settlement of all claims and expenses. This plan provides a medical/surgical and dental plan with a \$100 deductible for family coverage and \$50 deductible for single coverage.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains four Enterprise funds to account for the operations of Food Services, Uniform School Supplies, Recreation, and Special Enterprises. 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.

	Food Service	Uniform School Supplies	Recreation	Special Enterprise	Total
Operating Revenue	\$376,971	\$ 67,737	\$ 14,112	\$ 88,295	\$547,115
Depreciation	3,426	-	-	-	3,426
Operating Income (Loss)	(175,888)	(19,516)	(3,388)	73,985	(124,807)
Operating Grants	151,123	-	-	-	151,123
Fixed Assets:					
Additions	7,473	-	-	-	7,473
Disposals	15,699	-	-	-	15,699
Net Income	26,443	16,774	15,895	58,985	118,097
Net Working Capital	127,848	(30,791)	24,526	58,985	180,568
Total Assets	226,216	23,369	31,094	59,023	339,702
Long Term Liabilities					
Payable from Fund Revenues	20,992	-	-	-	20,992
Total Fund Equity	164,852	(30,791)	24,526	58,985	217,572
Encumbrances at June 30, 1999	686	499	5,245	500	6,930

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 13 - 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.

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 \$338,900, \$298,900, and \$284,300, respectively; 49 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$173,508, 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.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 \$1,196,300, \$1,187,600, and \$1,111,700, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$199,476, 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 SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 1999, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 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 \$683,592 during the 1999 fiscal year. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

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 \$166,965 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 51,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, the net assets available for payment of health care benefits was \$188 million.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of 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).

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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:

**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	\$ 132,265	\$ 167,547	\$ (252,397)	\$ 874,864
Net Adjustment for Revenue Accruals	(90,666)	(62,101)	6,559	7,683
Net Adjustment for Expenditure Accruals	26,443	(51,184)	-	(707,220)
Net Adjustment for Other Financing Sources/(Uses)	(25,487)	(4,713)	-	-
Adjustment for Encumbrances	193,830	62,734	-	599,804
GAAP Basis	<u>\$ (171,319)</u>	<u>\$ 112,283</u>	<u>\$ (245,838)</u>	<u>\$ 775,131</u>

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 16 - CONTINGENT LIABILITIES

A. Grants

The 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 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.

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 total support of \$8,151,251.

**MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 16 - CONTINGENT LIABILITIES - (Continued)

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.

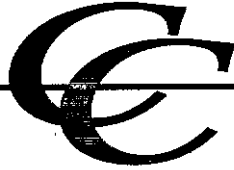
As of the date of these financial statements, the District is unable to determine that effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

MIDVIEW LOCAL SCHOOL DISTRICT
SUPPLEMENTAL AUDITOR'S REPORTS
JUNE 30, 1999

MIDVIEW LOCAL SCHOOL DISTRICT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

YEAR ENDED JUNE 30, 1999



COSTIN + COMPANY

Certified Public Accountants
35945 Center Ridge Road
North Ridgeville, OH 44039

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Board of Education
Midview Local School District

We have audited the financial statements of the Midview Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated May 16, 2000. We conducted our audit in accordance with generally accepted auditing 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 Midview Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* described below.

Ohio Revised Code, Section 5705.39, states in part that "The total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, therefrom, as certified by the budget commission..." Contrary to the aforementioned authority, the District's appropriations exceeded the total estimated resources in the general fund and the special revenue funds by \$140,002 and \$360,670, respectively. The Treasurer had no official record of the estimated revenues at the fund level.

We recommend the Treasurer exercise due care in preparing and amending the annual budget to provide assurance that the appropriations do not exceed the estimated revenues. We also recommend the Treasurer maintain the detail of the budget records at the fund level.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Midview Local School District in a separate letter dated May 16, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Midview Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Midview Local School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Board of Education
Midview Local School District

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards" (continued)

Cash Reconciliation

We noted that monthly bank reconciliations for the District had not been prepared since August 1998. Without monthly reconciliations it would be difficult to determine whether all of the District's receipts and disbursements were recorded in the accounting system. The subsequent reconciliation process identified deposits in the bank without supporting documentation.

Recommendation:

We recommend the District incorporate a practice of preparing monthly bank reconciliations to verify that all of the District's receipts and Disbursements are recorded in the accounting system.

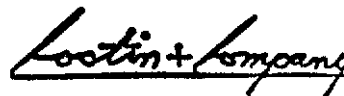
CORRECTIVE ACTION:

Monthly cash reconciliations were prepared subsequent to the audit period. During the fiscal year ended June 30, 2000, the Treasurer requested that the bank return all deposit slips to the Treasurer's Office to provide assurance that all of the originating supporting documentation is available for posting.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Midview Local School District in a separate letter dated May 16, 2000.

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

May 16, 2000
North Ridgeville, Ohio



MIDVIEW LOCAL SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 1999



COSTIN + COMPANY

Certified Public Accountants

35945 Center Ridge Road

North Ridgeville, OH 44039

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

Board of Education
Midview Local School District

Compliance

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

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

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

Internal Control Over Compliance

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

Board of Education
Midview Local School District

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

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

This report is intended for the information of management 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.

May 16, 2000
North Ridgeville, Ohio

A handwritten signature in black ink that reads "Kootin + Company". The signature is written in a cursive, flowing style with a horizontal line underneath the text.

MIDVIEW LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
YEAR ENDED JUNE 30, 1999

MIDVIEW LOCAL SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 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 weaknesses 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)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs	#84.010 Title I
(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

1999-1 Ohio Revised Code, Section 5705.39, states in part that "The total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, therefrom, as certified by the budget commission..." Contrary to the aforementioned authority, the District's appropriations exceeded the total estimated resources in the general fund and the special revenue funds by \$140,002 and \$360,670, respectively. The Treasurer had no official record of the estimated revenues at the fund level.

We recommend the Treasurer exercise due care in preparing and amending the annual budget to provide assurance that the appropriations do not exceed the estimated revenues. We also recommend the Treasurer maintain the detail of the budget records at the fund level.

1999-2 We noted that monthly bank reconciliations for the District had not been prepared since August 1998. Without monthly reconciliations it would be difficult to determine whether all of the District's receipts and disbursements were recorded in the accounting system. The subsequent reconciliation process identified deposits in the bank without supporting documentation.

We recommend the District incorporate a practice of preparing monthly bank reconciliations to verify that all of the District's receipts and Disbursements are recorded in the accounting system.

Corrective Action: Monthly cash reconciliations were prepared subsequent to the audit period. During the fiscal year ended June 30, 2000, the Treasurer requested that the bank return all deposit slips to the Treasurer's Office to provide assurance that all of the originating supporting documentation is available for posting.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

MIDVIEW LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

MIDVIEW LOCAL SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1999

	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Title 1	84.010	C1-S1-99	\$ 202,259	\$ 162,081
Title 1	84.010	C1-S1-98	<u>23,752</u>	<u>23,752</u>
Total Title 1			226,011	185,833
Special Education, Grants to States	84.027	6B-SF98P	134,936	76,554
Special Education, Grants to States	84.027	6B-SF97P	<u>13,902</u>	<u>13,902</u>
Total Grants to States			148,838	90,456
Safe and Drug Free Schools	84.186	DR-S1-99	16,739	10,374
Safe and Drug Free Schools	84.186	DR-S1-98	-	7,780
Safe and Drug Free Schools	84.186	DR-S1-97	<u>-</u>	<u>2,635</u>
Total Safe and Drug Free Schools			16,739	20,789
Goals 2000	84.276	G2-S2-99	10,000	3,000
Goals 2000	84.276	G2-S4-98	<u>6,000</u>	<u>0</u>
Total Goals 2000			16,000	3,000
Innovative Education Program Strategy	84.298	C2-S1-99	11,985	10,680
Innovative Education Program Strategy	84.298	C2-S1-98	<u>12,004</u>	<u>10,606</u>
Total Innovative Education Program Strategy			<u>23,989</u>	<u>21,286</u>
Subtotal U.S. Department of Education			<u>431,577</u>	<u>321,364</u>
<u>U.S. Department of Defense</u>				
Reserve Officers Training Corp	12.xxx	N/A	<u>27,571</u>	<u>27,571</u>
Subtotal U.S. Department of Defense			<u>27,571</u>	<u>27,571</u>
<u>U.S. Department of Labor</u>				
Family and School Partnership Initiative	17.249	N/A	<u>6,000</u>	<u>1,769</u>
Subtotal U.S. Department of Labor			<u>6,000</u>	<u>1,769</u>
<u>U.S. Department of Agriculture</u>				
Passed through				
State Department of Education				
Nutrition Cluster:				
Food Distribution	10.550		38,886	50,550
National School Lunch Program	10.555		<u>128,185</u>	<u>128,185</u>
Subtotal U.S. Department of Agriculture			<u>167,071</u>	<u>178,735</u>
Total (memorandum only)			<u>\$ 632,219</u>	<u>\$ 529,439</u>

The accompanying schedule of expenditures of federal awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

MIDVIEW LOCAL SCHOOL DISTRICT

LORAIN 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
OCTOBER 3, 2000**