

MIDVIEW LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2000

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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

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, 1999 to June 30, 2000. 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

March 23, 2001

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MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

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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, 2000 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, 2000, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2001 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
January 31, 2001

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
ASSETS:				
Equity in pooled cash and cash equivalents	\$ 2,860,997	\$ 644,029	\$ 342,602	\$ 523,363
Cash with fiscal agent		1,012	2,700	
Receivables, net				
Property taxes - current and delinquent	6,219,370	1,553,890	26,806	344,043
Accounts	62,715			
Due from other governments	4,750	23,177		
Advances to other funds	54,160			
Prepayments	13,627			
Materials and supplies inventory	144,969			
Restricted pooled cash and cash equivalents	364,483			
Property, plant and equipment (net of accumulated depreciation where applicable)				
OTHER DEBITS:				
Amount available in Debt Service Fund				
Amount to be provided for retirement of General Long-Term Obligations				
Total assets and other debits	\$ 9,725,071	\$ 2,222,108	\$ 372,108	\$ 867,406
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$ 207,543	\$ 11,806		\$ 77,943
Accrued wages and benefits	1,945,624	82,576		
Compensated absences payable	128,340			
Pension obligation payable	255,112	6,526		
Advances from other funds				
Deferred revenue	4,704,731	1,146,721	19,786	258,538
Due to students				
Matured bonds payable			2,700	
General obligation bonds payable				
Obligation under capital lease				
Total liabilities	7,241,350	1,247,629	22,486	336,481
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets				
Retained earnings: unreserved				
Fund balances:				
Reserved for encumbrances	46,283	20,121		352,520
Reserved for supplies inventory	144,969			
Reserved for prepayments	13,627			
Reserved for debt service			270,000	
Reserved for property tax revenue	1,516,039	407,169	7,020	85,505
Reserved for budget stabilization	364,483			
Reserved for advances	54,160			
Unreserved-undesignated	344,160	547,189	72,602	92,900
Total equity and other credits	2,483,721	974,479	349,622	530,925
Total liabilities, equity and other credits	\$ 9,725,071	\$ 2,222,108	\$ 372,108	\$ 867,406

Exhibit 1

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 173,064	\$ 146,065			\$ 4,690,120 3,712
				8,144,109
10,194	1,400			74,309
				27,927
				54,160
17,255				13,627
				162,224
				364,483
95,856		16,468,606		16,564,462
			270,000	270,000
			1,447,809	1,447,809
<u>\$ 296,369</u>	<u>\$ 147,465</u>	<u>\$ 16,468,606</u>	<u>\$ 1,717,809</u>	<u>\$ 31,816,942</u>
\$ 5,252	\$ 1,591			\$ 304,135
24,991				2,053,191
22,462			1,266,969	1,417,771
32,400			154,096	448,134
54,160				54,160
6,266				6,136,042
	134,222			134,222
				2,700
			270,000	270,000
			26,744	26,744
<u>145,531</u>	<u>135,813</u>		<u>1,717,809</u>	<u>10,847,099</u>
		16,468,606		16,468,606
150,838				150,838
	650			419,574
				144,969
				13,627
				270,000
				2,015,733
				364,483
				54,160
	11,002			1,067,853
<u>150,838</u>	<u>11,652</u>	<u>16,468,606</u>		<u>20,969,843</u>
<u>\$ 296,369</u>	<u>\$ 147,465</u>	<u>\$ 16,468,606</u>	<u>\$ 1,717,809</u>	<u>\$ 31,816,942</u>

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, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
From local sources:				
Taxes	\$ 6,608,090	\$ 1,654,126	\$ 20,936	\$ 349,213
Tuition	18,445			
Earnings on investments	345,601			
Other local revenues	213,514	170,195		
Other revenue	42,036	12,043		
Intergovernmental - State	9,515,969	315,458	3,054	158,763
Intergovernmental - Federal	31,534	732,478		
Total revenue	<u>16,775,189</u>	<u>2,884,300</u>	<u>23,990</u>	<u>507,976</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,540,590	240,509		21,680
Special	1,232,274	266,331		
Vocational	245,960			
Other	87,437			
Support services:				
Pupil	1,063,372	63,944		1,280
Instructional staff	447,928	135,499		
Board of Education	173,379			
Administration	1,556,688	41,906		671,118
Fiscal	400,721	18,474	401	5,427
Business	125,353			
Operations and maintenance	1,298,433			153,095
Pupil transportation	1,036,363	32,333		316,646
Central		4,830		
Community services				2,090
Extracurricular activities	342,037	168,958		
Facilities services	272,970			586,097
Debt service:				
Principal retirement	39,153		90,000	
Interest and fiscal charges	2,789		21,263	
Total expenditures	<u>16,865,447</u>	<u>972,784</u>	<u>111,664</u>	<u>1,757,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,258)</u>	<u>1,911,516</u>	<u>(87,674)</u>	<u>(1,249,457)</u>
Other financing sources (uses):				
Proceeds from sale of assets	1,670			
Operating transfers in	1,304,969	89,533		685,400
Operating transfers out	(189,922)	(1,889,845)		
Total other financing sources (uses)	<u>1,116,717</u>	<u>(1,800,312)</u>	<u>-</u>	<u>685,400</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,026,459	111,204	(87,674)	(564,057)
Fund balance at beginning of year	1,405,644	863,275	437,296	1,094,982
Increase in reserve for inventory	51,618			
Fund balance at end of year	<u>\$ 2,483,721</u>	<u>\$ 974,479</u>	<u>\$ 349,622</u>	<u>\$ 530,925</u>

Exhibit 2

<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
<u>Expendable Trust</u>	
	\$ 8,632,365
	18,445
	345,601
13,000	396,709
	54,079
	9,993,244
	764,012
<u>13,000</u>	<u>20,204,455</u>
15,308	8,818,087
	1,498,605
	245,960
	87,437
	1,128,596
	583,427
	173,379
	2,269,712
	425,023
	125,353
	1,451,528
	1,385,342
	4,830
	2,090
	510,995
	859,067
	129,153
	24,052
<u>15,308</u>	<u>19,722,636</u>
<u>(2,308)</u>	<u>481,819</u>
	1,670
	2,079,902
<u>(2,300)</u>	<u>(2,082,067)</u>
<u>(2,300)</u>	<u>(495)</u>
(4,608)	481,324
16,260	3,817,457
	51,618
<u>\$ 11,652</u>	<u>\$ 4,350,399</u>

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, 2000

	General Fund		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$ 6,082,348	\$ 6,154,994	\$ 72,646
Tuition	17,463	17,040	(423)
Earnings on investments	348,094	345,601	(2,493)
Other local revenues	150,181	149,053	(1,128)
Other revenue	41,911	42,035	124
Intergovernmental - State	9,585,964	9,516,694	(69,270)
Intergovernmental - Federal	31,433	31,534	101
Total revenues	<u>16,257,394</u>	<u>16,256,951</u>	<u>(443)</u>
Expenditures:			
Current:			
Instruction:			
Regular	8,698,921	8,631,873	67,048
Special	1,253,054	1,249,846	3,208
Vocational	253,859	246,370	7,489
Other	96,200	75,684	20,516
Support services:			
Pupil	975,933	959,828	16,105
Instructional staff	454,193	451,034	3,159
Board of Education	193,177	183,703	9,474
Administration	1,625,786	1,597,761	28,025
Fiscal	423,458	420,014	3,444
Business	130,521	129,590	931
Operations and maintenance	1,403,210	1,367,771	35,439
Pupil transportation	1,105,989	1,054,057	51,932
Central			
Community services			
Extracurricular activities	346,292	346,075	217
Facilities services	315,853	294,784	21,069
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>17,276,446</u>	<u>17,008,390</u>	<u>268,056</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,019,052)</u>	<u>(751,439)</u>	<u>267,613</u>
Other financing sources (uses):			
Refund of prior year's expenditures	10,478	10,446	(32)
Refund of prior year's (receipts)	(10,340)	(10,340)	-
Sale and Loss of Assets	2,328	1,670	(658)
Operating transfers in	1,454,077	1,443,355	(10,722)
Operating transfers (out)	(325,818)	(325,736)	82
Advances in		196	196
Advances (out)	(2,361)	(2,361)	-
Total other financing sources (uses)	<u>1,128,364</u>	<u>1,117,230</u>	<u>(11,134)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	109,312	365,791	256,479
Fund balance at beginning of year	2,441,993	2,441,993	-
Prior year encumbrances appropriated	193,830	193,830	-
Fund balance at end of year	<u>\$ 2,745,135</u>	<u>\$ 3,001,614</u>	<u>\$ 256,479</u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 1,469,674	\$ 1,503,328	\$ 33,654	\$ 25,839	\$ 25,921	\$ 82
171,485	172,486	1,001			
12,016	12,043	27			
314,367	316,041	1,674	2,500	3,064	564
705,400	709,301	3,901			
<u>2,672,942</u>	<u>2,713,199</u>	<u>40,257</u>	<u>28,339</u>	<u>28,985</u>	<u>646</u>
381,305	261,522	119,783			
291,311	235,456	55,855			
75,664	57,489	18,175			
140,951	115,551	25,400			
142,069	47,757	94,312			
23,033	23,033	-	416	401	15
40,738	29,796	10,942			
14,989	10,000	4,989			
224,323	177,267	47,056			
			90,000	90,000	-
			21,263	21,263	-
<u>1,334,383</u>	<u>957,871</u>	<u>376,512</u>	<u>111,679</u>	<u>111,664</u>	<u>15</u>
1,338,559	1,755,328	416,769	(83,340)	(82,679)	661
102,786	103,309	523			
(1,839,628)	(1,839,628)	-			
(65,150)	(63,650)	1,500			
<u>(1,801,992)</u>	<u>(1,799,969)</u>	<u>2,023</u>			
(463,433)	(44,641)	418,792	(83,340)	(82,679)	661
596,205	596,205	-	425,281	425,281	-
62,735	62,735	-			
<u>\$ 195,507</u>	<u>\$ 614,299</u>	<u>\$ 418,792</u>	<u>\$ 341,941</u>	<u>\$ 342,602</u>	<u>\$ 661</u>

(Continued)

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, 2000

	Capital Projects		
	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Taxes	\$ 334,366	\$ 337,828	\$ 3,462
Tuition			
Earnings on investments			
Other local revenues			
Other revenue			
Intergovernmental - State	159,646	158,964	(682)
Intergovernmental - Federal			
Total revenues	<u>494,012</u>	<u>496,792</u>	<u>2,780</u>
Expenditures:			
Current:			
Instruction:			
Regular	141,680	114,585	27,095
Special			
Vocational			
Other			
Support services:			
Pupil	1,280	1,280	-
Instructional staff			
Board of Education			
Administration	1,529,917	1,459,396	70,521
Fiscal	5,427	5,427	-
Business			
Operations and maintenance	215,753	163,577	52,176
Pupil transportation	523,444	357,691	165,753
Central			
Community services	2,090	2,090	-
Extracurricular activities			
Facilities services	811,410	788,201	23,209
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>3,231,001</u>	<u>2,892,247</u>	<u>338,754</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,736,989)</u>	<u>(2,395,455)</u>	<u>341,534</u>
Other financing sources (uses):			
Refund of prior year's expenditures			
Refund of prior year's (receipts)			
Sale and Loss of Assets			
Operating transfers in	623,578	621,001	(2,577)
Operating transfers (out)			
Advances in	64,605	64,400	(205)
Advances (out)			
Total other financing sources (uses)	<u>688,183</u>	<u>685,401</u>	<u>(2,782)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(2,048,806)</u>	<u>(1,710,054)</u>	<u>338,752</u>
Fund balance at beginning of year	1,223,195	1,223,195	-
Prior year encumbrances appropriated	599,804	599,804	-
Fund balance at end of year	<u>\$ (225,807)</u>	<u>\$ 112,945</u>	<u>\$ 338,752</u>

Exhibit 3 (Concluded)

Total (Memorandum Only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ 7,912,227	\$ 8,022,071	\$ 109,844
17,463	17,040	(423)
348,094	345,601	(2,493)
321,666	321,539	(127)
53,927	54,078	151
10,062,477	9,994,763	(67,714)
736,833	740,835	4,002
<u>19,452,687</u>	<u>19,495,927</u>	<u>43,240</u>
9,221,906	9,007,980	213,926
1,544,365	1,485,302	59,063
253,859	246,370	7,489
96,200	75,684	20,516
1,052,877	1,018,597	34,280
595,144	566,585	28,559
193,177	183,703	9,474
3,297,772	3,104,914	192,858
452,334	448,875	3,459
130,521	129,590	931
1,618,963	1,531,348	87,615
1,670,171	1,441,544	228,627
14,989	10,000	4,989
2,090	2,090	-
570,615	523,342	47,273
1,127,263	1,082,985	44,278
90,000	90,000	-
21,263	21,263	-
<u>21,953,509</u>	<u>20,970,172</u>	<u>983,337</u>
<u>(2,500,822)</u>	<u>(1,474,245)</u>	<u>1,026,577</u>
10,478	10,446	(32)
(10,340)	(10,340)	-
2,328	1,670	(658)
2,180,441	2,167,665	(12,776)
(2,165,446)	(2,165,364)	82
64,605	64,596	(9)
(67,511)	(66,011)	1,500
<u>14,555</u>	<u>2,662</u>	<u>(11,893)</u>
(2,486,267)	(1,471,583)	1,014,684
4,686,674	4,686,674	-
856,369	856,369	-
<u>\$ 3,056,776</u>	<u>\$ 4,071,460</u>	<u>\$ 1,014,684</u>

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, 2000

	<u>Enterprise</u>
Operating revenues:	
Tuition and fees	\$ 104,310
Sales/charges for services	406,656
Other operating revenues	35,221
Total operating revenues	<u>546,187</u>
Operating expenses:	
Personal services	312,421
Contract services	21,066
Materials and supplies	432,223
Depreciation	7,217
Other	2,961
Total operating expenses	<u>775,888</u>
Operating loss	<u>(229,701)</u>
Nonoperating revenues:	
Operating grants	117,336
Federal commodities	41,682
Interest revenue	1,784
Total nonoperating revenues	<u>160,802</u>
Net income before operating transfers	(68,899)
Operating transfers in	<u>2,165</u>
Net loss	(66,734)
Retained earnings at beginning of year	<u>217,572</u>
Retained earnings at end of year	<u>\$ 150,838</u>

MIDVIEW LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 103,668
Cash received from sales/service charges	405,724
Cash received from other operations	36,125
Cash payments for personal services	(327,478)
Cash payments for contract services	(21,066)
Cash payments supplies and materials	(334,753)
Cash payments for other expenses	(2,227)
Net cash used in operating activities	(140,007)
Cash flows from noncapital financing activities:	
Cash received from operating grants	154,299
Cash received from interfund transfers	2,165
Net cash provided by noncapital financing activities	156,464
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(43,696)
Net cash used in capital and related financing activities	(43,696)
Cash flows from investing activities:	
Interest received	1,784
Net cash provided by investing activities	1,784
Net decrease in cash and cash equivalents	(25,455)
Cash and cash equivalents at beginning of year	198,519
Cash and cash equivalents at end of year	\$ 173,064
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (229,701)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,217
Federal donated commodities	41,682
Changes in assets and liabilities:	
Decrease in supplies inventory	16,683
Increase in accounts receivable	(670)
Increase in accounts payable	2,648
Increase in accrued wages & benefits	7,204
Increase in compensated absences payable	1,470
Increase in pension obligation payable	13,907
Decrease in deferred revenue	(447)
Net cash used in operating activities	\$ (140,007)

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 141 non-certified and 209 certified (including administrative) full-time and part-time employees to provide services to approximately 3,253 students in grades K through 12 and various community groups, which ranks it 136th out of 660 public and community 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.

A Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. Component units are legally separate organizations for which the District is financially accountable.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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 are 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. LERC 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 is available from the Treasurer of the Educational Service Center of Lorain County, located at 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal 2000, the District paid \$950,059 (including insurance premiums) to LERC.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 the vocational and special education needs of its 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 is available from the Treasurer of 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. LEECA 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 is available from the Treasurer of the Educational Service Center of Lorain County (fiscal agent), located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2000, the District paid \$30,480 to LEECA for basic service charges.

The District is also a participant in two public entity risk sharing pools, which are discussed in Note 11.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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. The General Fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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).

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 that are (a) 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 custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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, 2000, and which are intended to finance fiscal 2001 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, 2000, 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 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. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 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.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. 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.
7. 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

8. 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 2000 in the following amounts:

	Increase
General Fund	\$631,678
Special Revenue Funds	460,415
Debt Service Fund	15
Capital Projects Funds	502,812
Enterprise Funds	5,685
Expendable Trust Fund	4,022
Total	\$1,604,627

9. 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 disclosed in Note 12 to the financial statements.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 fiscal 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit and repurchase agreements are reported at cost.

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, 2000.

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 2000 totaled \$345,601, which included \$161,042 assigned from other funds of the District.

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account had a balance of \$2,700 at June 30, 2000. This depository account is presented on the combined balance sheet as "Cash with Fiscal Agent" since it is not required to be deposited into the District treasury.

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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 benefiting 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) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

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 (excluding commodities) 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

Entitlements - (Cont'd)

Debt Service Fund

State Property Tax Relief

Capital Projects Funds

State Property Tax Relief

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

<u>Non-Reimbursable Grants</u>	<u>Non-Reimbursable Grants - (Cont'd)</u>
<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>
Teacher Development	SchoolNet
Management Information Systems	
Title VI-B	<u>Reimbursable Grants</u>
Title I	
Reducing Class Size	<u>General Fund</u>
Ohio Reads	School Bus Purchases
Title VI	Driver Education
Drug-Free Schools	
Data Communications Support	<u>Proprietary Funds</u>
Child Abuse	National School Lunch Program
SchoolNet Professional Development	National School Milk Program
Textbook/Instructional Material Subsidy	
Family and School Partnership	
Professional Development EESA/NDEA	

Grants and entitlements amounted to over 52% of the District's operating revenue during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

J. 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 GASB Statement No. 16, 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

K. Long-Term Obligations

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

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

L. 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 reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 2000 is presented in Note 5.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

N. Statutory Reserves

The District is required by State law to set aside certain (cash basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Instructional Materials Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve
Balance, July 1, 1999			\$226,097
Required Set-Aside	\$415,158	\$415,158	138,386
Qualifying Expenditures	(846,368)	(1,227,382)	
Total, June 30, 2000	(431,210)	(812,224)	364,483
Cash Balance			
Carried Forward to FY 2001	\$431,210	\$0	\$364,483

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. The capital maintenance reserve may not be carried forward to future years.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	\$364,483
Total restricted assets	\$364,483

O. Statement of Cash Flows

In September 1989, 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).

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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.

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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Retained Earnings

Retained earnings at June 30, 2000 included the following individual fund deficit:

	<u>Deficit Balance</u>
<u>Enterprise Fund</u>	
Uniform School Supplies	\$(48,809)

These GAAP deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

B. Budgetary Non-Compliance

Final fiscal year 2000 estimated resources were less than the board-adopted appropriations for the following funds:

Fund Type	Deficiency
Special Revenue Funds:	
Teacher Development	\$ (477)
Education Management	(2,950)
Ohio Reads	(5,106)
Title VI-B	(116,310)
Drug Free School Grant	(13,267)
Reducing Class Size	(62,409)
Total Special Revenue Funds	(\$200,519)
Capital Projects Funds:	
Permanent Improvement	(\$531,779)
SchoolNet	(293,833)
Total Capital Projects Funds	(\$825,612)

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Fund Type	Deficiency
Enterprise Funds:	
Uniform Supplies	(\$7,477)
Recreation	(218)
Total Enterprise Funds	(\$7,695)

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

Protection of the 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;

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

Cash with Fiscal Agent: At year end, \$3,712 was on deposit in the District's debt service and athletic accounts, and is 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.

Deposits: At year-end the carrying amount of the District's deposits was \$(531,997) and the bank balance was \$14,118 (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	Fair Value
Repurchase Agreements	3	
	\$330,000	\$330,000
Not Subject to Categorization:		
Investment in State		
Treasurer's Investment Pool		5,260,312
Total Investments	\$330,000	\$5,590,312

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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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

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

	Pooled Cash and Cash Equivalents	Investments	
GASB Statement No. 9	\$5,054,603		
Investments of the Cash Management Pool:			
Repurchase Agreement	(330,000)	330,000	
State Treasurer's Investment Pool	(5,260,312)	5,260,312	
Cash with Fiscal Agent:			
Deposits	3,712		
GASB Statement No. 3	(\$531,997)	\$5,590,312	

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a reconciliation of the District's long-term interfund advances at June 30, 2000:

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. The following is a reconciliation of the District's operating transfers for 2000:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
<u>General Fund</u>	\$1,304,969	(\$189,922)
<u>Special Revenue Funds</u>		
Emergency Levy		(1,737,176)
Drug-Free Schools	2,974	
Reducing Class Size	34,389	
Title VI-B	51,759	(152,669)
Miscellaneous Federal Grants	4	
Miscellaneous State Grants	407	
Total Special Revenue Funds	<u>89,533</u>	<u>(1,889,845)</u>
<u>Capital Projects Funds</u>		
Permanent Improvement	685,400	
<u>Enterprise Fund</u>		
Uniform School Supplies		2,165
<u>Expendable Trust Fund</u>		
Special Trust	(2,300)	
Total All Fund Types	<u><u>\$2,077,602</u></u>	<u><u>(\$2,077,602)</u></u>

NOTE 6 - PROPERTY TAXES

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, 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 first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed values upon which the fiscal year 2000 taxes were collected are as follows:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$244,825,110	86.39	\$255,044,660	87.11
Public Utility Personal	21,728,480	7.67	21,112,400	7.21
Tangible Personal Property	16,838,445	5.94	16,612,930	5.68
	<u>\$283,392,035</u>	<u>100.00</u>	<u>\$292,769,990</u>	<u>100.00</u>

Tax rate per \$1,000 of
assessed valuation

Operations	\$48.84	\$48.84
Permanent Improvement	2.00	2.00
Debt Service	0.10	0.10

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 6 - PROPERTY TAXES - (Continued)

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. 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.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, 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. Available tax advances at June 30, 2000 totaled \$1,516,039 in the General fund; \$407,169 in the Emergency Levy fund; \$7,020 in the Debt Service fund; and \$85,505 in the Permanent Improvement fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables follows:

	Amounts
<u>General Fund</u>	
Taxes - current and delinquent	\$6,219,370
Accounts	62,715
Advances to other funds	54,160
 <u>Special Revenue Funds</u>	
Taxes - current and delinquent	1,553,890
Due from other governments	23,177
 <u>Debt Service Funds</u>	
Taxes - current and delinquent	26,806
 <u>Capital Projects Funds</u>	
Taxes - current and delinquent	344,043
 <u>Enterprise Funds</u>	
Accounts	10,194
 <u>Trust and Agency</u>	
Accounts	1,400

NOTE 8 - FIXED ASSETS

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

	Balance at July 1, 1999	Additions	Deletions	Balance at June 30, 2000
Land/improvements	\$728,019	\$223,290		\$951,309
Buildings/improvements	11,948,438	330,577		12,279,015
Equipment and vehicles	2,999,250	280,094	(\$41,062)	3,238,282
Total	\$15,675,707	\$833,961	(\$41,062)	\$16,468,606

A summary of the Proprietary fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$ 263,524
Less: Accumulated Depreciation	<u>(167,668)</u>
Net Fixed Assets	<u>\$ 95,856</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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 FASB Statement No. 13, 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 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 the amount of \$338,728, which is 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 2000 fiscal year totaled \$39,153. This amount is reflected as debt service principal retirement in the General fund.

Year Ending June 30	<u>General Long-Term Obligations</u> Total
2001	\$22,832
2002	3,920
2003	1,633
Total Future Minimum Lease Payments	28,385
Less: Amount Representing Interest	(1,641)
Present Value of Future Minimum Lease Payments	<u>\$26,744</u>

NOTE 10 - LONG-TERM DEBT

General obligations bonds are general obligations of the District for which the full faith and credit of the District are 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

NOTE 10 - LONG-TERM DEBT - (Continued)

A. The following is a description of the District's bonds outstanding as of June 30, 2000:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance 7/1/99	(Retired) Fiscal 2000	Balance 06/30/00
School Improvement Bonds	6.75%	1/1/78	12/1/02	\$360,000	(\$90,000)	\$270,000
				<u>\$360,000</u>	<u>(\$90,000)</u>	<u>\$270,000</u>

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

Year Ending June 30	Principal on School Improvement Bonds	Interest on School Improvement Bonds	Total
2001	\$90,000	\$15,188	\$105,188
2002	90,000	9,113	99,113
2003	90,000	3,038	93,038
Total	<u>\$ 270,000</u>	<u>\$ 27,339</u>	<u>\$ 297,339</u>

C. During the year ended June 30, 2000, 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, 1999	Increase	Decrease	Balance June 30, 2000
Compensated Absences	\$1,153,104	\$294,929	(\$181,064)	\$1,266,969
School Improvement Bond	360,000		(90,000)	270,000
Pension Obligation Payable	146,583	154,096	(146,583)	154,096
Capital Lease Obligation	65,897		(39,153)	26,744
Total	<u>\$1,725,584</u>	<u>\$449,025</u>	<u>(\$456,800)</u>	<u>\$1,717,809</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 10 - LONG-TERM DEBT - (Continued)

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, 2000 are a voted debt margin of \$26,349,299 (including available funds of \$270,000) and an unvoted debt margin of \$292,770.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

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 provided 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.

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

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 11 - RISK MANAGEMENT - (Continued)

B. OSBA Worker's Compensation Group Rating

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Group Health and Dental Insurance

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

The District has contracted with Lake Erie Regional Employee Protection Plan (LEEP) to provided medial/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 participating districts pay monthly contributions that are placed in a common fund, from which eligible claims and expenses are paid for employees (and their covered dependents) of participating school districts. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$125,000 per participant.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 11 - RISK MANAGEMENT - (Continued)

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. In the event of termination, all participating districts' 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.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement system discussed in Note 14. As such, no funding provisions are required by the District.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains five Enterprise funds to account for the operations of Food Services, Uniform School Supplies, Special Services Rotary, 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, 2000.

	Food Service	Uniform School Supplies	Rotary	Recreation	Special Enterprise	Total
Operating Revenue	\$ 398,163	\$ 83,119	\$ 10,421	\$ 19,370	\$ 35,114	\$546,187
Depreciation Expense	7,217					7,217
Operating Income (Loss)	(189,577)	(20,183)	1,263	(18,718)	(2,486)	(229,701)
Non-Operating Revenue:						
Operating Grants	117,336					117,336
Federal Commodities	41,682					41,682
Fixed Assets:						
Additions	43,696					43,696
Net Income (Loss)	(28,775)	(18,018)	1,263	(18,718)	(2,486)	(66,734)
Net Working Capital	40,221	5,351	1,263	5,808	56,499	109,142
Total Assets	203,924	7,092	10,421	18,433	56,499	296,369
Long-Term Liabilities						
Payable from						
Fund Revenues	22,462	54,160				76,622
Total Fund Equity	136,077	(48,809)	1,263	5,808	56,499	150,838
Encumbrances Outstanding at June 30, 2000	2,970	1,753	2,425	1,792		8,940

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. 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 at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts 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, 2000, 1999, and 1998 were \$456,149, \$338,900, and \$298,900, respectively; 54 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$208,890, which represents the unpaid contribution for fiscal year 2000, 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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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, 2000, 1999, and 1998 were \$1,525,260, \$1,196,300, and \$1,187,600, respectively; 87 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$199,028, which represents the unpaid contribution for fiscal year 2000, 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, 2000, 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients 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. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$871,577 during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. 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.

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 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal 1999. 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 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$320,820 during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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 THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000

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

	Governmental Fund Types			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	\$365,791	(\$44,641)	(\$82,679)	(\$1,710,054)
Net Adjustment for Revenue Accruals	518,238	171,101	(4,995)	11,184
Net Adjustment for Expenditure Accruals	(80,923)	(44,643)	0	724,396
Net Adjustment for Other Financing Sources/(Uses)	(513)	(343)	0	(1)
Adjustment for Encumbrances	223,866	29,730	0	410,418
GAAP Basis	\$1,026,459	\$111,204	(\$87,674)	(\$564,057)

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

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, 2000.

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, 2000, the District received total support of \$8,679,802 for its General fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

NOTE 16 - CONTINGENT LIABILITIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS

The District ratified new labor contracts (for both certified and non-certified employees) subsequent to year end. The estimated cost to the District over the three-year term of the contract with certified employees is \$1,114,661. The estimated cost to the District over the four-year term of the contract with non-certified employees is \$278,363.

MIDVIEW LOCAL SCHOOL DISTRICT
SUPPLEMENTAL AUDITOR'S REPORTS
JUNE 30, 2000

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, 2000



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, 2000, and have issued our report thereon dated January 31, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Ohio Revised Code, Section 5705.39, states in part that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure. Contrary to the aforementioned Revised Code Section, the District's appropriations exceeded the total estimated resources in the following funds:

Teacher Development	\$	477
Education Management	\$	2,950
Ohio Reads	\$	5,106
Title VI B	\$	116,310
Title VI B	\$	13,267
Drug Free School Grant	\$	62,409
Permanent Improvement	\$	531,779
SchoolNet	\$	293,833
Uniform Supplies	\$	7,477
Recreation	\$	218

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)

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we also noted other matters involving the internal control over financial reporting, which we have reported to management of Midview Local School District in a separate letter dated January 31, 2001.

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.

January 31, 2001
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, 2000



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, 2000. 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, 2000.

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.

January 31, 2001
North Ridgeville, Ohio

The logo for Lootin + Company is written in a stylized, cursive script. The word "Lootin" is followed by a plus sign and the word "Company". The entire logo is underlined with a single horizontal line.

MIDVIEW LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
YEAR ENDED JUNE 30, 2000

MIDVIEW LOCAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505

JUNE 30, 2000

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)?	No	
(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 Comprehensive	#84.332	
		School	Reform
	Subsidy		
(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

2000-1 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 following funds:

Teacher Development	\$	477
Education Management	\$	2,950
Ohio Reads	\$	5,106
Title VI B	\$	116,310
Title VI B	\$	13,267
Drug Free School Grant	\$	62,409
Permanent Improvement	\$	531,779
SchoolNet	\$	293,833
Uniform Supplies	\$	7,477
Recreation	\$	218

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

MIDVIEW LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2000

MIDVIEW LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2000

	Federal CFDA Number	Pass Through Number	Revenue Recognized	Federal Expenditures
<u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Title 1	84.010	C1-S1-00	\$ 202,259	\$ 200,424
Total Title 1			<u>202,259</u>	<u>200,424</u>
Special Education, Grants to States	84.027	6B-SF99P	168,502	138,603
Total Grants to States			<u>168,502</u>	<u>138,603</u>
Safe and Drug Free Schools	84.186	DR-S1-00	4,186	1,555
Total Safe and Drug Free Schools			<u>4,186</u>	<u>1,555</u>
Eisenhower Professional Development	84.281	MS-S1-99	3,435	1,996
Total Eisenhower Professional Development			<u>3,435</u>	<u>1,996</u>
Innovative Education Program Strategy	84.298	C2-S1-99C	2,117	93
Innovative Education Program Strategy	84.298	C2-S1-00	10,883	543
Total Innovative Education Program Strategy			<u>13,000</u>	<u>636</u>
Comprehensive School Reform	84.332	RF-S1-99	73,900	73,900
Comprehensive School Reform	84.332	RF-S1-99P	62,500	62,500
Comprehensive School Reform	84.332	RF-S1-00	136,400	95,790
Total Comprehensive School Reform			<u>272,800</u>	<u>232,190</u>
Class Size Reduction Subsidy	84.340	CR-S1-99	-	6,967
Class Size Reduction Subsidy	84.340	CR-S1-00	45,119	26,352
Total Class Size Reduction Subsidy			<u>45,119</u>	<u>33,319</u>
Subtotal U.S. Department of Education			<u>709,301</u>	<u>608,723</u>
<u>U.S. Department of Defense</u>				
Reserve Officers Training Corp	12.xxx	N/A	31,534	31,534
Subtotal U.S. Department of Defense			<u>31,534</u>	<u>31,534</u>
<u>U.S. Department of Agriculture</u>				
Passed through				
State Department of Education				
Nutrition Cluster:				
Food Distribution	10.550		41,235	41,682
National School Lunch Program	10.555		145,756	145,756
Subtotal U.S. Department of Agriculture			<u>186,991</u>	<u>187,438</u>
Total (memorandum only)			<u>\$ 927,826</u>	<u>\$ 827,695</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.

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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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
APRIL 3, 2001**