



**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Paulding Exempted Village School District, Paulding County, (the 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 District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Paulding Exempted Village School District, Paulding County, as of June 30, 2000, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 20, 2000

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**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2000**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS			
Equity in pooled cash and cash equivalents	\$1,052,595	\$112,266	\$861,482
Receivables:			
Taxes	2,803,367		104,935
Accounts receivable	9,751	311	
Income Tax	526,168		
Due from other funds	22,876		
Prepaid items	30,955		
Loans receivable			
Restricted assets:			
Equity in pooled cash and cash investments	84,724		
Inventory			
Fixed assets (net, where applicable, of accumulated depreciation)			
Amount to be provided from general government resources			
	<u> </u>	<u> </u>	<u> </u>
Total assets and other debits	<u>\$4,530,436</u>	<u>\$112,577</u>	<u>\$966,417</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	\$14,277	\$1,676	\$290
Accrued salaries and benefits payable	898,477	33,484	
Due to other governments	191,602	7,580	
Due to other funds		22,876	
Due to students			
Deferred revenue	2,593,604		104,935
Compensated absences payable	38,058		
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,736,018</u>	<u>65,616</u>	<u>105,225</u>
Fund equity and other credits:			
Investment in general fixed assets			
Contributed capital			
Retained earnings			
Fund balances and other credits:			
Reserved for encumbrances	83,630	2,594	109,493
Reserved for property taxes advances available	209,763		
Reserve for Budget Stabilization	84,724		
Reserved for prepaid items	30,955		
Reserved for loans receivable			
Unreserved: Undesignated	385,346	44,367	751,699
	<u> </u>	<u> </u>	<u> </u>
Total fund equity and other credits	<u>794,418</u>	<u>46,961</u>	<u>861,192</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, fund equity and other credits	<u>\$4,530,436</u>	<u>\$112,577</u>	<u>\$966,417</u>

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

Fiduciary Fund Types		Account Group		Totals (Memorandum Only)
Enterprise	Trust and Agency	General Fixed Assets	General Long-term Obligations	
\$28,567	\$90,764			\$2,145,674
				2,908,302
1,106				11,168
				526,168
				22,876
	22,431			30,955
				22,431
				84,724
34,201				34,201
135,221		\$12,371,977		12,507,198
			\$1,101,971	1,101,971
\$199,095	\$113,195	\$12,371,977	\$1,101,971	\$19,395,668
				\$16,243
\$29,180				961,141
20,037			\$95,368	314,587
				22,876
	\$53,633			53,633
				2,698,539
12,618			1,006,603	1,057,279
61,835	53,633		1,101,971	5,124,298
		\$12,371,977		12,371,977
310,570				310,570
(173,310)				(173,310)
				195,717
				209,763
				84,724
				30,955
	22,431			22,431
	37,131			1,218,543
137,260	59,562	12,371,977		14,271,370
\$199,095	\$113,195	\$12,371,977	\$1,101,971	\$19,395,668

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:					
Taxes	\$4,438,321		\$111,308		\$4,549,629
Intergovernmental	7,035,356	\$480,781	69,074		7,585,211
Earnings on investments	153,906			\$1,696	155,602
Food services		18,242			18,242
Tuition and fees	13,809				13,809
Extracurricular activities		120,536			120,536
Miscellaneous	18,126				18,126
Total revenues	<u>11,659,518</u>	<u>619,559</u>	<u>180,382</u>	<u>1,696</u>	<u>12,461,155</u>
Expenditures:					
Instruction:					
Regular	5,544,839	86,601			5,631,440
Special	918,880	179,764			1,098,644
Vocational	194,914		10,551		205,465
Other	440,776	6,798			447,574
Support services:					
Pupils	478,222	72,174			550,396
Instructional staff	456,203	104,616	28,638		589,457
Board of education	64,766				64,766
Administration	1,024,248	48,147			1,072,395
Fiscal	291,548		4,237		295,785
Business	83,771	19,759			103,530
Operation and maintenance of plant	954,070		84		954,154
Pupil transportation	698,078				698,078
Central services		5,678			5,678
Non-instructional services	444				444
Extracurricular activities	268,985	93,212			362,197
Capital outlay			172,204		172,204
Total expenditures	<u>11,419,744</u>	<u>616,749</u>	<u>215,714</u>		<u>12,252,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>239,774</u>	<u>2,810</u>	<u>(35,332)</u>	<u>1,696</u>	<u>208,948</u>
Other financing sources and (uses)					
Other financing sources	17,219				17,219
Other financing uses		(7,700)			(7,700)
Operating transfers - in			300,000		300,000
Operating transfers - out	(324,358)				(324,358)
Total other financing sources (uses)	<u>(307,139)</u>	<u>(7,700)</u>	<u>300,000</u>		<u>(14,839)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(67,365)	(4,890)	264,668	1,696	194,109
Fund balance, beginning of year	861,783	51,851	596,524	57,866	1,568,024
Fund balance, end of year	<u>\$ 794,418</u>	<u>\$ 46,961</u>	<u>\$ 861,192</u>	<u>\$ 59,562</u>	<u>\$ 1,762,133</u>

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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$4,444,757	\$4,444,757				
Intergovernmental	7,032,491	7,032,491		\$487,946	\$487,946	
Earnings on investments	153,906	153,906				
Food services				18,241	18,241	
Tuition and fees	13,789	13,789				
Extracurricular activities				121,003	121,003	
Miscellaneous	18,029	18,029				
Total revenues	<u>11,662,972</u>	<u>11,662,972</u>		<u>627,190</u>	<u>627,190</u>	
Expenditures:						
Instruction:						
Regular	5,557,205	5,557,205		93,803	93,803	
Special	911,861	911,861		176,209	176,209	
Vocational	193,676	193,676				
Other	440,779	440,779		14,803	14,803	
Support services:						
Pupils	480,235	480,235		74,684	74,684	
Instructional staff	451,059	451,059		102,314	102,314	
Board of education	72,356	72,356				
Administration	1,007,900	1,007,900		48,742	48,742	
Fiscal	321,682	321,682				
Business	81,336	81,336		19,759	19,759	
Operation and maintenance of plant	985,544	985,544				
Pupil transportation	690,704	690,704				
Central services				5,674	5,674	
Non-instructional services	445	445				
Extracurricular activities	267,670	267,670		94,323	94,323	
Capital outlay						
Debt service						
Total expenditures	<u>11,462,452</u>	<u>11,462,452</u>		<u>630,311</u>	<u>630,311</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>200,520</u>	<u>200,520</u>		<u>(3,121)</u>	<u>(3,121)</u>	
Other financing sources and (uses):						
Advances - in	40,490	40,490		22,876	22,876	
Advances - out	(22,876)	(22,876)				
Transfer - in						
Transfer - out	(324,358)	(324,358)				
Other sources (uses)	11,902	11,902		300	300	
Total other financing sources (uses)	<u>(294,842)</u>	<u>(294,842)</u>		<u>23,176</u>	<u>23,176</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(94,322)</u>	<u>(94,322)</u>		<u>20,055</u>	<u>20,055</u>	
Fund balance beginning of year	1,034,777	1,034,777		84,219	84,219	
Prior Year Carryover Appropriations	98,957	98,957		3,722	3,722	
Fund balance end of year	<u><u>\$1,039,412</u></u>	<u><u>\$1,039,412</u></u>		<u><u>\$107,996</u></u>	<u><u>\$107,996</u></u>	

(Continued)

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	Capital Projects Funds			Expendable Trust Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$121,575	\$121,575				
Intergovernmental	69,074	69,074				
Earnings on investments				\$1,796	\$1,796	
Food services						
Tuition and fees						
Extracurricular activities						
Miscellaneous						
Total revenues	<u>190,649</u>	<u>190,649</u>		<u>1,796</u>	<u>1,796</u>	
Expenditures:						
Instruction:						
Regular						
Special						
Vocational	26,737	26,737				
Other						
Support services:						
Pupils						
Instructional staff	34,171	34,171				
Board of education						
Administration						
Fiscal	4,237	4,237				
Business						
Operation and maintenance of plant	84	84				
Pupil transportation						
Central services						
Non-instructional services				4,100	4,100	
Extracurricular activities						
Capital outlay	259,979	259,979				
Debt service						
Total expenditures	<u>325,208</u>	<u>325,208</u>		<u>4,100</u>	<u>4,100</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>(134,559)</u>	<u>(134,559)</u>		<u>(2,304)</u>	<u>(2,304)</u>	
Other financing sources and (uses):						
Advances - in						
Advances - out						
Transfer - in	(40,490)	(40,490)				
Transfer - out	300,000	300,000				
Other sources (uses)				5,240	5,240	
Total other financing sources (uses)	<u>259,510</u>	<u>259,510</u>		<u>5,240</u>	<u>5,240</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	124,951	124,951		2,936	2,936	
Fund balance beginning of year	448,156	448,156		34,195	34,195	
Prior Year Carryover Appropriations	<u>178,591</u>	<u>178,591</u>				
Fund balance end of year	<u>\$751,698</u>	<u>\$751,698</u>		<u>\$37,131</u>	<u>\$37,131</u>	

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

Totals (Memorandum Only)

Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$4,566,332	\$4,566,332	
7,589,511	7,589,511	
155,702	155,702	
18,241	18,241	
13,789	13,789	
121,003	121,003	
18,029	18,029	
12,482,607	12,482,607	
5,651,008	5,651,008	
1,088,070	1,088,070	
220,413	220,413	
455,582	455,582	
554,919	554,919	
587,544	587,544	
72,356	72,356	
1,056,642	1,056,642	
325,919	325,919	
101,095	101,095	
985,628	985,628	
690,704	690,704	
5,674	5,674	
4,545	4,545	
361,993	361,993	
259,979	259,979	
12,422,071	12,422,071	
60,536	60,536	
63,366	63,366	
(22,876)	(22,876)	
(40,490)	(40,490)	
(24,358)	(24,358)	
17,442	17,442	
(6,916)	(6,916)	
53,620	53,620	
1,601,347	1,601,347	
281,270	281,270	
\$1,936,237	\$1,936,237	

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	Enterprise
Operating revenues:	
Food service	\$416,272
Materials and fees	69,526
Total operating revenues	485,798
Operating expenses:	
Salaries and wages	192,173
Fringe benefits	86,727
Purchased services	32,690
Materials and supplies	369,570
Depreciation expense	17,714
Other expense	1,177
Total operating expenses	700,051
Operating loss	(214,253)
Non-operating revenues/(expenses)	
Intergovernmental	115,804
Donated commodities	55,476
Other non-operating revenues	1,565
Other non-operating expenses	(14,352)
Total non-operating revenues/(expenses)	158,493
Net loss before transfers	(55,760)
Transfers in	24,358
Net loss	(31,402)
Retained earnings, beginning of year	(141,908)
Retained earnings, end of year	(173,310)
Contributed capital, beginning of year	290,425
Additions from other funds	20,145
Contributed capital, end of year	310,570
Fund equity, end of year	\$137,260

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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	Enterprise
Cash flows from operating activities	
Operating loss	(\$214,253)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Donated commodities	55,476
Depreciation	17,714
(Increase) decrease in assets:	
Materials and supplies	4,365
Accounts receivable	(1,106)
Due from other fund	719
Increase (decrease) in liabilities:	
Accrued salaries and benefits payable	713
Compensated Absences	703
Due to other governments	<u>(20,547)</u>
 Total adjustments	 <u>58,037</u>
 Net cash used in operating activities	 <u>(156,216)</u>
 Cash flows from non-capital financing activities	
Operating transfers in from other funds	24,358
Intergovernmental	132,085
Other	<u>1,565</u>
 Net cash provided by non-capital financing activities	 <u>158,008</u>
 Cash used in capital and related financing activities	
Acquisition of capital assets	<u>(34,425)</u>
 Net increase in cash and cash equivalents	 (32,633)
Cash and cash equivalents, beginning of year	<u>61,200</u>
 Cash and cash equivalents, end of year	 <u><u>\$28,567</u></u>

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

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**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 82 non-certified and 142 certified full time teaching personnel who provide services to 1,888 students and other community members.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Paulding Exempted Village School District, this includes general operations, food service, preschool and student related activities of the School District.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

A. Basis of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types

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

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

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

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

2. Proprietary Fund Types

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

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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

3. Fiduciary Fund Types

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

4. Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

C. Budgetary Process

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

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

1. Tax Budget

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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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2. Estimated Resources

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

3. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals and any level of control. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

4. Encumbrances

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

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5. Lapsing of Appropriations

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

D. Cash and Cash Equivalents

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

During fiscal year 2000, investments were limited to STAR Ohio and federal agency securities.

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

The School District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's office which allows government within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amount to \$153,906 which includes \$73,219 assigned from other School District funds.

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

E. Investments

Government Accounting Standards Board's Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report investments at fair value in the balance sheet, was adopted by the District in fiscal year 2000. In the accompanying balance sheets, investments are generally comprised of U.S. government securities.

All unrealized changes in the fair value of investments, and gains and losses from the sale or other disposition of investments and other noncash assets are accounted for in the fund owning such assets.

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Ordinarily, income is recognized in the fund owning the related assets which generated the income, except for income derived from investments of endowment and similar funds, which is recognized in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds.

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve as required by house bill (HB) 412. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. See note 21 to these financial statements.

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of \$500 except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation and an existing five-year textbook adoption policy. Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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J. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Eisenhower Grant/Title II
Title I
Title IV
Title VI
Title VI-B
Preschool
Title VI-R
Virtual Middle School Grant
Educational Management Information System
Professional Development
Disadvantaged Pupil Program
Textbook and Instructional Materials Subsidy

Capital Projects Funds

School Net Plus
School Net Technology Grant
Emergency Building Repair

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
Government Donated Commodities

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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K. Interfund Assets/Liabilities

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

L. Compensated Absences

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

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

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for

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property taxes, inventories of supplies and materials, prepaids, loans receivable, encumbrances and budget stabilization reserve. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenue and expenditures.

P. Contributed Capital

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

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

Q. 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.

R. Total Columns on General-Purpose Financial Statements

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental and Expendable Trust Funds				
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	(\$67,365)	(\$4,890)	\$264,668	\$1,696
Revenue adjustments	38,627	30,807	10,267	5,340
Expenditure adjustments	32,323	(1,592)	(40,200)	(4,100)
Reserve for encumbrances – budgetary basis	(97,907)	(4,270)	(109,784)	
Budgetary Basis	(\$94,322)	\$20,055	\$124,951	\$2,936

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

During fiscal year 2000, the School District's investments were limited to STAR Ohio, and Federal Home Loan Mortgage Corporation.

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

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Deposits At fiscal year end, the carrying amount of the School District's deposits was \$157,273 and the bank balance was \$305,336. \$198,180 of the bank balance was covered by federal depository insurance and \$107,156 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterpart's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Fair Value
Federal Agency Securities	\$250,000	\$250,000	\$250,000
	Carrying Value	Fair Value	
STAR Ohio, Unclassified	\$1,823,125	\$1,823,125	

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,230,398	
Investments:		
U.S. Government Securities	(250,000)	250,000
STAR Ohio	(1,823,125)	1,823,125
GASB Statement 3	\$157,273	\$2,073,125

NOTE 5 - PROPERTY TAXES

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

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assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied October 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2000 taxes are based as follows:

	<u>1999 Second-Half Collections</u>		<u>2000 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$101,639,220	78.00%	\$103,123,730	77.00%
Public Utility Personal	13,736,150	10.00%	13,463,970	10.00%
Tangible Personal Property	15,444,064	12.00%	17,157,670	13.00%
Total	<u>\$130,819,434</u>	<u>100.00%</u>	<u>133,745,370</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$30.50</u>		<u>\$30.50</u>	

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

The School District receives property taxes from Paulding & Putnam Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the general fund as an advance at June 30, 2000 was \$209,763 and is recognized as revenue.

NOTE 6 - INCOME TAX

The School District levies a voted tax of 1.0 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. In the fiscal year ended June 30, 2000, the district recorded income tax revenue of \$1,537,047 in the general fund, of which \$526,168 is recorded as a receivable at June 30, 2000.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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NOTE 8 - LOANS RECEIVABLE

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

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

At the close of fiscal year 2000, there were 10 students with a total principal balance of \$15,881 for the Bauer Loan Fund and 3 students with a total principal balance of \$6,550 for the Melrose Area Book Scholarship.

NOTE 9 - FIXED ASSETS

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

	Balance at 6/30/99	Additions	Deductions	Balance at 6/30/00
Land and Land Improvements	\$690,251	\$17,950		\$708,201
Buildings	8,595,653	228,011		8,823,664
Furniture, fixtures and equipment	2,790,520	173,465	(123,873)	2,840,112
Total	<u>\$12,076,424</u>	<u>\$419,426</u>	<u>(\$123,873)</u>	<u>\$12,371,977</u>

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

	Balance at 6/30/00
Furniture, fixtures and equipment	\$334,922
Accumulated depreciation	(199,701)
Total	<u>\$135,221</u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

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

Vehicles are covered by Nationwide Insurance with no deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Anthem Comp. Services provided administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

As of June 30, 2000 the School District has contracted through the Paulding County Schools Council with Medical Mutual of Ohio as third party provider to provide employee medical/surgical benefits and also dental benefits. Rates are set through an annual calculation process. The School District and the employees share the cost of the monthly premium with the Board. For fiscal year 2000, the School District's and employees' premiums were \$589 and \$44 for family coverage and \$236 and \$44 for single coverage per employee per month, respectively.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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 School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$97,782, \$135,595, and \$135,797, respectively; 41.9 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$56,811, is recorded as a liability within the respective funds and the general long-term obligations account group.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$358,482, \$349,494, and \$628,156, respectively; 82.5 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$62,754 is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two of the five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$477,976 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

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 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 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. For the School District, the amount to fund health care benefits, including the surcharge, was \$151,118 for fiscal year 2000.

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, 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.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

At June 30, 2000 the current amount of unpaid compensated absences, in all funds except for the proprietary funds, and the balance of the liability in the General Fund and the General Long-Term Obligation Account Group were \$38,058 and \$95,368 respectively. The liability for compensated absences in the proprietary funds at June 30, 2000 was \$12,618.

B. Life Insurance

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

NOTE 14 - LONG-TERM OBLIGATIONS

During the year ended June 30, 2000, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

	Balance at June 30, 1999	Additions	Reductions	Balance at June 30, 2000
Compensated absences payable	\$932,755	\$73,848		\$1,006,603
Due to other governments	45,149	95,368	(45,149)	95,368
Total	<u>\$977,904</u>	<u>\$169,216</u>	<u>(\$45,149)</u>	<u>\$1,101,971</u>

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three Enterprise Funds which provide lunchroom/cafeteria, uniform school supply. Segment information for the year ended June 30, 2000 was as follows:

	Food Service	Uniform School Supplies	Adult Continuing Education	Total Enterprise Funds
Operating Revenues	\$416,272	\$68,506	\$1,020	\$485,798
Depreciation Expense	17,714			17,714
Operating Income (Loss)	(233,507)	18,785	469	(214,253)
Operating Grants	115,804			115,804
Donated Commodities	55,476			55,476
Operating Transfers In	24,358			24,358
Net Income (Loss)	60,303)	18,785	469	(31,402)
Net working capital	(26,862)	28,432	469	2,039
Total Assets	170,194	28,432	469	199,095
Total Equity	108,359	28,432	469	137,260

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. The Northwest Ohio Area Computer Services Cooperative

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

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

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

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

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

B. Vantage Joint Vocational School

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

C. Paulding County Schools Council

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

NOTE 17 - GROUP PURCHASING POOLS

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

The School District participates in this plan, an insurance purchasing pool for workers compensation. Each year, the participating school districts pay an enrollment fee to the plan to cover the costs of administering the plan. The administrator of the plan is Anthem Comp. Services, 31200 Pine Tree Road, Pepper Pike, Ohio 44124-5900.

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

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

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

insurance company. The insurance group is governed by a council consisting of a representative from each of the member school districts. The degree of control exercised by any participating member is limited to its representation on the council.

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

NOTE 18 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the 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 the School District. For the fiscal year ended June 30, 2000 the School District received \$6,645,526 in school foundation support, all of which was received by the general fund.

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. 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 take 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 19 - TRANSFERS

Transfers for the fiscal year ended June 30, 2000 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Capital Projects Fund	\$300,000	
Enterprise Fund	24,358	
General Fund		324,358
Total transfers	<u>\$324,358</u>	<u>\$324,358</u>

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 20 - AGENCY FUNDS

Combined Statement of Changes in Assets and Liabilities				
	Balance at July 1, 1999	Additions	Deductions	Balance at June 30, 2000
Cash	\$63,054	\$122,665	\$132,086	\$53,633
Other liabilities	\$63,054	\$122,665	\$132,086	\$53,633

NOTE 21 – STATUTORY RESERVES

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

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance, June 30, 1999			\$42,248	\$42,248
Current Year Set-Aside Requirement	\$254,172	\$254,172	42,476	550,820
Current Year Offsets		(421,575)		(421,575)
Qualifying Disbursements	(314,915)			(314,915)
Total	\$(60,743)	\$(167,403)	\$84,724	\$(143,422)
Cash Balance Carried Forward to FY 2000			\$84,724	
Total Restricted Assets				\$84,724

NOTE 22- CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

NOTE 23 - OUTSTANDING CONTRACTUAL COMMITMENTS

As of June 30, 2000 the District had outstanding commitments of \$54,400 in the Capital Project fund 003 for bleachers.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

NOTE 24 - SUBSEQUENT EVENTS

In fiscal year 2000, the District to was approved for a grant from the Ohio School Facilities Commission for a \$27,364,339 building construction and renovation project. The project will be financed by a \$20,195,339 grant from the Ohio School Facilities Commission and through issuance of bonds in the amount of \$7,169,000. The bond issue will be repaid from the proceeds of a 3.90 mill tax levy approved by the voters of the District on November 7, 2000.

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**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Nutrition Cluster:		
Food Distribution Program	-	10.550
School Breakfast Program	-	10.553
National School Lunch Program	-	10.555
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	45575-C1-S1-99 45575-C1-S1-00	84.010 84.010
Total Title I Grants		
Eisenhower Professional Development State Grants	45575-MS-S1-98 45575-MS-S1-99 45575-MS-S4-00	84.281 84.281 84.281
Total Eisenhower Professional Development Grant		
Special Education-Grants to States	45575-6B-SF 99 45575-6B-SF 00	84.027 84.027
Total Special Education Grant		
Innovative Educational Program Strategies	45575-C2-S1-99 45575-C2-S1-00	84.298 84.298
Total Innovative Education Program		
Special Education-Preschool Grants	45575-PG-S1 99 45575-PG-S1 00	84.173 84.173
Total Special Education Preschool Grants		
Safe and Drug Free Schools and Communities Grant	-	84.186
Technology Literacy Challenge Fund Grant	-	84.318
Class Size Reduction	-	84.340
Total Department of Education		
UNITED STATES DEPARTMENT OF HUMAN SERVICES		
<i>Passed Through Ohio Department of Human Services</i>		
Medical Assistance Program (CAFS)	-	93.778
Totals		

The accompanying notes are an integral part of this schedule.

Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
	\$52,432		\$55,476
\$4,687		\$4,687	
120,961		120,961	
125,648	52,432	125,648	55,476
8,946		44,299	
146,046		128,882	
154,992		173,181	
		2,414	
		4,505	
6,895		4,254	
6,895		11,173	
10,125		17,828	
139,797		118,943	
149,922		136,771	
1,364		2,149	
5,802		4,539	
7,166		6,688	
715		5,681	
28,251		20,034	
28,966		25,715	
5,045		2,408	
27,000		26,708	
9,804		32,680	
389,790		415,324	
21,613		21,613	
\$537,051	\$52,432	\$562,585	\$55,476

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

NOTE C - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



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JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the financial statements of Paulding Exempted Village School District, Paulding County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2000.

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

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

Jim Petro
Auditor of State

December 20, 2000



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

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

To the Board of Education:

Compliance

We have audited the compliance of Paulding Exempted Village School District, Paulding County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 20, 2000.

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

Jim Petro
Auditor of State

December 20, 2000

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-10263-001	ORC § 5705.10 deficit cash fund balances.	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

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PAULDING EXEMPTED VILLAGE SCHOOL DISTRICT

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 16, 2001**