



**Auditor of State  
Betty Montgomery**



**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups.....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental and Similar Fiduciary Fund Types .....	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison - (Non-GAAP Budgetary Basis) All Governmental and Similar Fiduciary Fund Types .....	10
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balances - All Proprietary and Similar Fiduciary Fund Types .....	14
Combined Statement of Cash Flows - All Proprietary and Similar Fiduciary Fund Types .....	15
Notes to the General-Purpose Financial Statements .....	17
Schedule of Federal Awards Expenditures .....	42
Notes to the Schedule of Federal Awards Expenditures .....	44
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	45
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> .....	47
Schedule of Findings .....	49

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Montpelier Exempted Village School District  
Williams County  
110 North East Street  
Montpelier, Ohio 43543-1176

To the Board of Education

We have audited the accompanying general-purpose financial statements of the Montpelier Exempted Village School District (the District) as of and for the year ended June 30, 2003, 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 auditing standards generally accepted in the United States of America 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 Montpelier Exempted Village School District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2004 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.

The accompanying federal awards expenditures schedule is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2004

**This page intentionally left blank.**

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2003

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,469,813	\$128,141	\$166,578	\$828,742
Investments:				
Investments				5,214,901
Receivables:				
Taxes	2,830,885	40,121	360,997	
Accounts	4,808	2,882		
Intergovernmental		49,458		20,907,061
Accrued Interest	22,414	55		
Interfund Receivable	20,915			
Income Tax	226,329			
Materials and Supplies Inventory	30,154	2,629		
Prepaid Items	39,288			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	224,079			
Fixed Assets				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations				
Amount to be Provided From General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$6,868,685</b>	<b>\$223,286</b>	<b>\$527,575</b>	<b>\$26,950,704</b>



<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$95,269	\$72,111			\$4,760,654
				5,214,901
				3,232,003
1,496				9,186
				20,956,519
	607			23,076
				20,915
				226,329
10,160				42,943
				39,288
				224,079
105,487		\$9,099,224		9,204,711
(61,399)				(61,399)
			\$149,929	149,929
			6,128,033	6,128,033
<b>\$151,013</b>	<b>\$72,718</b>	<b>\$9,099,224</b>	<b>\$6,277,962</b>	<b>\$50,171,167</b>

(Continued)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2003  
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$4,078	\$1,457		
Accrued Wages and Benefits	671,024	36,355		
Compensated Absences Payable	47,423			
Interfund Payable		20,915		
Intergovernmental Payable	108,552	227		
Deferred Revenue	2,659,361	41,168	\$347,275	\$20,907,061
Due to Students				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<b>3,490,438</b>	<b>100,122</b>	<b>347,275</b>	<b>20,907,061</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	\$47,966	\$6,392		\$967,159
Reserved for Inventory	30,154	2,629		
Reserved for Prepaid Items	39,288			
Reserved for Debt Service Principal			\$149,929	
Reserved for Contributions				
Reserved for Property Taxes	171,524		13,722	
Reserved for Textbooks and Instructional Materials	220,824			
Reserved for Capital Improvements	3,255			
Unreserved, Designated	427,667			
Unreserved, Undesignated	2,437,569	114,143	16,649	\$5,076,484
<b>Total Fund Equity and Other Credits</b>	<b>3,378,247</b>	<b>123,164</b>	<b>180,300</b>	<b>6,043,643</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$6,868,685</b>	<b>\$223,286</b>	<b>\$527,575</b>	<b>\$26,950,704</b>

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

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
				\$5,535
\$19,688				727,067
9,003			\$671,366	727,792
				20,915
15,118			61,596	185,493
				23,954,865
	\$14,277			14,277
			5,545,000	5,545,000
<u>43,809</u>	<u>14,277</u>		<u>6,277,962</u>	<u>31,180,944</u>
		\$9,099,224		9,099,224
107,204				107,204
				1,021,517
				32,783
				39,288
				149,929
	\$20,000			20,000
				185,246
				220,824
				3,255
				427,667
	38,441			7,683,286
<u>107,204</u>	<u>58,441</u>	<u>9,099,224</u>		<u>18,990,223</u>
<u><b>\$151,013</b></u>	<u><b>\$72,718</b></u>	<u><b>\$9,099,224</b></u>	<u><b>\$6,277,962</b></u>	<u><b>\$50,171,167</b></u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<b>Revenues:</b>		
Intergovernmental	\$4,741,691	\$358,275
Interest	57,390	248
Tuition and Fees	15,701	
Rent	350	
Extracurricular Activities		132,265
Gifts and Donations	4,700	22,389
Customer Services	10,447	
Income Tax	600,422	
Property and Other Local Taxes	2,754,288	19,538
Miscellaneous	149,549	29,282
<b>Total Revenues</b>	<u>8,334,538</u>	<u>561,997</u>
<b>Expenditures:</b>		
Instruction:		
Regular	3,522,351	64,009
Special	642,169	244,391
Vocational	214,624	
Other	143,586	
Support services:		
Pupils	411,301	25,807
Instructional Staff	309,870	27,963
Board of Education	14,584	
Administration	532,124	4,026
Fiscal	207,156	515
Business	4,439	
Operation and Maintenance of Plant	930,065	
Pupil Transportation	458,603	
Central	285,294	53,241
Non-Instructional Services	2,578	951
Extracurricular activities	170,931	126,642
Capital Outlay	207,015	
Debt Service:		
Interest		
<b>Total Expenditures</b>	<u>8,056,690</u>	<u>547,545</u>
Excess of Revenues Over (Under) Expenditures	<u>277,848</u>	<u>14,452</u>
<b>Other Financing Sources (Uses)</b>		
Operating Transfers In		2,235
Proceeds from Sale of Bonds		
Proceeds from Sale of Fixed Assets	356	397
Refund of Prior Year Expenditures	2,735	15
Other Financing Sources		
Operating Transfers Out	(2,235)	
Refund of Prior Year Receipts		(343)
<b>Total Other Financing Sources (Uses)</b>	<u>856</u>	<u>2,304</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	278,704	16,756
Fund Balance at Beginning of Year	3,099,543	106,408
<b>Fund Balance at End of Year</b>	<u><u>\$3,378,247</u></u>	<u><u>\$123,164</u></u>

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$18,828	\$1,062,747		\$6,181,541
19,884	71,912	\$1,552	150,986
			15,701
			350
			132,265
		4,500	31,589
			10,447
185,653			600,422
			2,959,479
			178,831
<u>224,365</u>	<u>1,134,659</u>	<u>6,052</u>	<u>10,261,611</u>
			3,604,252
	17,892		886,560
			214,624
			143,586
			437,108
			337,833
			14,584
4,536	123,864		536,150
			336,071
			4,439
			930,065
			458,603
	497		339,032
		3,000	6,529
		2,395	299,968
	501,230		708,245
	<u>49,352</u>		<u>49,352</u>
<u>4,536</u>	<u>692,835</u>	<u>5,395</u>	<u>9,307,001</u>
<u>219,829</u>	<u>441,824</u>	<u>657</u>	<u>954,610</u>
			51,587
	49,352		5,545,000
	5,545,000		753
		566	3,316
9,823			9,823
(49,352)			(51,587)
			(343)
<u>(39,529)</u>	<u>5,594,352</u>	<u>566</u>	<u>5,558,549</u>
180,300	6,036,176	1,223	6,513,159
	7,467	36,146	3,249,564
<u>\$180,300</u>	<u>\$6,043,643</u>	<u>\$37,369</u>	<u>\$9,762,723</u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003**

	General		Variance: Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$4,723,438	\$4,741,691	\$18,253
Interest	40,000	36,899	(3,101)
Tuition and Fees	13,000	14,882	1,882
Rent	500	350	(150)
Extracurricular Activities			
Gifts and Donations	4,000	4,700	700
Customer Services	10,352	10,447	95
Income Tax	630,000	617,279	(12,721)
Property and Other Local Taxes	2,740,217	2,731,148	(9,069)
Miscellaneous	144,297	148,031	3,734
<b>Total Revenues</b>	<b>8,305,804</b>	<b>8,305,427</b>	<b>(377)</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	4,469,656	3,669,612	800,044
Special	674,695	639,534	35,161
Vocational	252,136	213,728	38,408
Adult/Continuing	360		360
Other	171,700	148,637	23,063
Support services:			
Pupils	418,612	408,955	9,657
Instructional Staff	338,775	308,042	30,733
Board of Education	18,880	14,994	3,886
Administration	562,983	530,487	32,496
Fiscal	249,526	207,522	42,004
Business	4,500	4,439	61
Operation and Maintenance of Plant	1,324,422	966,165	358,257
Pupil Transportation	507,578	456,710	50,868
Central	398,843	283,647	115,196
Non-Instructional Services	5,300	3,578	1,722
Extracurricular activities	237,970	168,882	69,088
Capital Outlay	1,876,753	209,015	1,667,738
Debt Service:			
Principal			
Interest			
<b>Total Expenditures</b>	<b>11,512,689</b>	<b>8,233,947</b>	<b>3,278,742</b>
Excess of Revenues Over (Under) Expenditures	(3,206,885)	71,480	3,278,365
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Proceeds from Sale of Bonds			
Proceeds from Sale of Long-Term Notes			
Proceeds from Sale of Fixed Assets	700	356	(344)
Refund of Prior Year Expenditures		2,735	2,735
Advances In			
Other Financing Sources			
Operating Transfers Out	(72,333)	(2,235)	70,098
Refund of Prior Year Receipts			
Advances Out	(240,000)	(20,915)	219,085
Other Financing Uses	(74,422)		74,422
<b>Total Other Financing Sources (Uses)</b>	<b>(386,055)</b>	<b>(20,059)</b>	<b>365,996</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,592,940)	51,421	3,644,361
Fund Balance at Beginning of Year	3,577,720	3,577,720	
Prior Year Encumbrances Appropriated	15,220	15,220	
<b>Fund Balance at End of Year</b>		<b>\$3,644,361</b>	<b>\$3,644,361</b>

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$350,731	\$313,167	(\$37,564)	\$2,179	\$18,828	\$16,649
350	249	(101)	19,885	19,885	
134,340	129,383	(4,957)			
19,420	22,389	2,969			
19,537	19,538	1	171,930	171,930	
27,252	29,282	2,030			
551,630	514,008	(37,622)	193,994	210,643	16,649
83,731	71,597	12,134			
256,695	241,486	15,209			
25,557	25,092	465			
32,208	29,883	2,325			
16,932	4,561	12,371			
2,689	515	2,174	4,536	4,536	
35,637		35,637			
83,317	53,142	30,175			
951	951				
151,343	125,094	26,249			
			5,691,779	5,545,000	146,779
			52,502	49,352	3,150
689,060	552,321	136,739	5,748,817	5,598,888	149,929
(137,430)	(38,313)	99,117	(5,554,823)	(5,388,245)	166,578
2,235	2,235		5,545,000	5,545,000	
	397	397			
	15	15			
	20,915	20,915	9,823	9,823	
(343)	(343)				
1,892	23,219	21,327	5,554,823	5,554,823	
(135,538)	(15,094)	120,444		166,578	166,578
127,300	127,300				
8,238	8,238				
	<b>\$120,444</b>	<b>\$120,444</b>		<b>\$166,578</b>	<b>\$166,578</b>

(Continued)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003  
(Continued)

	<b>Capital Projects</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Intergovernmental	\$1,062,747	\$1,062,747	
Interest	71,911	71,912	\$1
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Income Tax			
Property and Other Local Taxes			
Miscellaneous			
<b>Total Revenues</b>	<b>1,134,658</b>	<b>1,134,659</b>	<b>1</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	20,214	17,892	2,322
Special			
Vocational			
Adult/Continuing			
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central	497	497	
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	6,666,414	1,468,389	5,198,025
Debt Service:			
Principal			
Interest			
<b>Total Expenditures</b>	<b>6,687,125</b>	<b>1,486,778</b>	<b>5,200,347</b>
Excess of Revenues Over (Under) Expenditures	<b>(5,552,467)</b>	<b>(352,119)</b>	<b>5,200,348</b>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Proceeds from Sale of Bonds			
Proceeds from Sale of Long-Term Notes	5,545,000	5,545,000	
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In			
Other Financing Sources			
Operating Transfers Out			
Refund of Prior Year Receipts			
Advances Out			
Other Financing Uses			
<b>Total Other Financing Sources (Uses)</b>	<b>5,545,000</b>	<b>5,545,000</b>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<b>(7,467)</b>	<b>5,192,881</b>	<b>5,200,348</b>
Fund Balance at Beginning of Year	7,228	7,228	
Prior Year Encumbrances Appropriated	239	239	
<b>Fund Balance at End of Year</b>	<b>\$5,200,348</b>	<b>\$5,200,348</b>	

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



Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$1,519	\$1,506	(\$13)	\$6,139,095	\$6,136,433	(\$2,662)
			133,665	130,451	(3,214)
			13,000	14,882	1,882
			500	350	(150)
5,052	4,500	(552)	134,340	129,383	(4,957)
			28,472	31,589	3,117
			10,352	10,447	95
			630,000	617,279	(12,721)
			2,931,684	2,922,616	(9,068)
			171,549	177,313	5,764
6,571	6,006	(565)	10,192,657	10,170,743	(21,914)
1,005		1,005	4,574,606	3,759,101	815,505
			931,390	881,020	50,370
			252,136	213,728	38,408
			360		360
			171,700	148,637	23,063
			444,169	434,047	10,122
			370,983	337,925	33,058
			18,880	14,994	3,886
			579,915	535,048	44,867
			256,751	212,573	44,178
			4,500	4,439	61
			1,360,059	966,165	393,894
			507,578	456,710	50,868
			482,657	337,286	145,371
37,276	3,000	34,276	43,527	7,529	35,998
4,100	2,395	1,705	393,413	296,371	97,042
			8,543,167	1,677,404	6,865,763
			5,691,779	5,545,000	146,779
			52,502	49,352	3,150
42,381	5,395	36,986	24,680,072	15,877,329	8,802,743
(35,810)	611	36,421	(14,487,415)	(5,706,586)	8,780,829
			2,235	2,235	
			5,545,000	5,545,000	
			5,545,000	5,545,000	
			700	753	53
	566	566		3,316	3,316
				20,915	20,915
			9,823	9,823	
			(72,333)	(2,235)	70,098
			(343)	(343)	
			(240,000)	(20,915)	219,085
			(74,422)		74,422
	566	566	10,715,660	11,103,549	387,889
(35,810)	1,177	36,987	(3,771,755)	5,396,963	9,168,718
35,809	35,809		3,748,057	3,748,057	
			23,697	23,697	
<b>(\$1)</b>	<b>\$36,986</b>	<b>\$36,987</b>	<b>(\$1)</b>	<b>\$9,168,717</b>	<b>\$9,168,718</b>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED STATEMENT REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$167,149		\$167,149
Interest		\$996	996
Other Revenues	1,878		1,878
Total Operating Revenues	<u>169,027</u>	<u>996</u>	<u>170,023</u>
<b>Operating Expenses:</b>			
Salaries	118,372		118,372
Fringe Benefits	40,838		40,838
Purchased Services	2,468		2,468
Materials and Supplies	137,488		137,488
Depreciation	3,245		3,245
Other Operating Expenses	1,304	1,100	2,404
Total Operating Expenses	<u>303,715</u>	<u>1,100</u>	<u>304,815</u>
Operating Loss	<u>(134,688)</u>	<u>(104)</u>	<u>(134,792)</u>
<b>Non-Operating Revenues and Expenses</b>			
Federal Donated Commodities	27,331		27,331
Interest	348		348
Federal and State Subsidies	77,429		77,429
Other Nonoperating Expenses	500		500
Loss on Sale of Fixed Assets	(4,961)		(4,961)
Total Non-Operating Revenues and Expenses	<u>100,647</u>		<u>100,647</u>
Net Loss	(34,041)	(104)	(34,145)
Retained Earnings/Fund Balances at Beginning of Year	<u>141,245</u>	<u>21,176</u>	<u>162,421</u>
<b>Retained Earnings/Fund Balances at End of Year</b>	<u><b>\$107,204</b></u>	<u><b>\$21,072</b></u>	<u><b>\$128,276</b></u>

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED STATEMENT OF CASH FLOW  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Decrease in Cash and Cash Equivalents</b>			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$168,715		\$168,715
Other Cash Receipts	1,878		1,878
Cash Payments to Suppliers for Goods and Services	(119,440)		(119,440)
Cash Payments for Contract Services	(2,468)		(2,468)
Cash Payments for Employee Services	(115,095)		(115,095)
Cash Payments for Employee Benefits	(36,978)		(36,978)
Other Cash Payments	(1,304)	(\$1,100)	(2,404)
Net Cash Used by Operating Activities	<u>(104,692)</u>	<u>(1,100)</u>	<u>(105,792)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	77,429		77,429
Other	500		500
Net Cash Provided by Noncapital Financing Activities	<u>77,929</u>		<u>77,929</u>
Cash Flows from Investing Activities:			
Interest Received	348	997	1,345
Net Cash Provided by Investing Activities	<u>348</u>	<u>997</u>	<u>1,345</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(2,270)		(2,270)
Net Cash Used by Capital and Related Financing Activities	<u>(2,270)</u>		<u>(2,270)</u>
Net Decrease in Cash and Cash Equivalents	(28,685)	(103)	(28,788)
Cash and Cash Equivalents at Beginning of Year	<u>123,954</u>	<u>20,950</u>	<u>144,904</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$95,269</u></b>	<b><u>\$20,847</u></b>	<b><u>\$116,116</u></b>

(Continued)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

COMBINED STATEMENT OF CASH FLOW  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003  
(Continued)

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Nonexpendable Trust</b>	<b>(Memorandum Only)</b>
<b>Reconciliation of Operating Loss to Net Cash Cash Used by Operating Activities:</b>			
Operating Loss	(\$134,688)	(\$104)	(\$134,792)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation	3,245		3,245
Donated Commodities Used During the Year	27,331		27,331
Nonexpendable Trust Interest		(997)	(997)
(Increase) Decrease in Assets:			
Accounts Receivable	1,566		1,566
Accrued Interest Receivable		1	1
Material and Supplies Inventory	(2,079)		(2,079)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	1,812		1,812
Intergovernmental Payable	3,034		3,034
Deferred Revenue	(7,204)		(7,204)
Accrued Wages and Benefits	2,291		2,291
	29,996	(996)	29,000
<b>Net Cash Used by Operating Activities</b>	<b>(\$104,692)</b>	<b>(\$1,100)</b>	<b>(\$105,792)</b>

**Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2003:**

Cash and Cash Equivalents - Trust and Agency Funds	\$72,111
Less: Expendable Trust Funds	(36,987)
Less: Agency Funds	(14,277)
<b>Cash and Cash Equivalents - Nonexpendable Trust Funds</b>	<b>\$20,847</b>

The Food Service Fund consumed donated commodities with a value of \$27,331. The use of these commodities is reflected as an operating expense.

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Montpelier Exempted Village School District (the 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. Montpelier Exempted Village School District is an exempted village school district as defined by § 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's six instructional/support facilities.

**The Reporting Entity**

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

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

The District is associated with organizations, which are defined as jointly governed organizations, related organizations, and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northwestern Ohio Educational Research Council, Inc., Montpelier Public Library, the Northern Buckeye Education Council's Employee Insurance Benefits Program, and the Northern Buckeye Education Council Workers' Compensation Group Rating Plan. These organizations are presented in Notes 13, 14, and 15 to the general-purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**A. 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.

The enterprise funds and nonexpendable trust fund 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 this fund are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. The enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

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. The full accrual basis of accounting is followed by the enterprise funds and nonexpendable trust fund.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements included timing requirements, which specify the year when the revenue resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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.

**B. Fund Accounting**

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

GOVERNMENTAL FUNDS

The funds through which most Board of Education functions are typically financed.

General Fund - The fund used to account for all financial resources except those required to be segregated and accounted for in other funds. The General Fund is the general operating fund of the District.

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

Debt Service Funds - The funds used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the Debt

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

Service Fund might also be used to account for the payment of debt for Proprietary Funds and the short-term debt of both Governmental and Proprietary Funds.

Capital Projects Funds - The funds used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Nonexpendable Trust Funds).

FIDUCIARY FUNDS

The funds used to account for assets not owned by the Board, but held for a separate entity.

Trust Funds - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These may include Expendable Trust Funds and Nonexpendable Trust Funds.

Agency Funds - The funds used to account for assets held by the District as an agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

PROPRIETARY FUNDS

The funds used to account for Board activities that are similar to business operations in the private sector.

Enterprise Funds - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

ACCOUNT GROUPS

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

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

**C. Budgetary Accounting**

Budgets are adopted on a cash basis.

The District is required by State statute to adopt an annual appropriation budget for all funds.

The specific timetable is as follows:

1. Prior to January 15, the Treasurer submits 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. A public



**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

hearing is publicized and conducted to obtain taxpayers' comments. The purpose of this Budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board adopted budget is filed with the County Budget Commission for rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. The annual appropriation measure (the true operating budget) is then developed at the fund, function and object level of expenditures, which are the legal levels of budgetary control.
4. A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for a period July 1 to June 30. The appropriation measure may be amended or supplemental during the year as new information becomes available. Appropriations may not exceed estimated resources.
5. By July 1, the annual appropriation measure for all funds is legally enacted by the Board of Education. After a public hearing is held, the appropriation measure, by law, may not exceed the Certificate of Estimated Resources. The Certificate may be amended to include actual unencumbered balances at the June 30 fiscal year end or if projected increases or decreases in revenue are identified by the District during the year.
6. The District maintains budgetary control by not permitting expenditures to exceed appropriations within each fund, function and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within each fund, which are approved by the Board on a monthly basis. Any adjustments that alter the total fund appropriation require specific action of the Board.
7. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

The District's budget (budget basis) for all funds accounts for certain transactions on a basis, which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

3. The 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.

An analysis of the difference between GAAP and budgetary basis for all governmental fund types and expendable trust funds for the year ended June 30, 2003 follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$51,421	(\$15,094)	\$166,578	\$5,192,881	\$1,177
Adjustments:					
Revenue Accruals	29,111	47,989	13,722		46
Expenditure Accruals	127,725	(2,921)	5,594,352	(173,216)	
Other Financing Sources (Uses)	20,915	(20,915)	(5,594,352)	49,352	
Reserve for Encumbrances	49,532	7,697		967,159	
GAAP Basis	\$278,704	\$16,756	\$180,300	\$6,036,176	\$1,223

**D. Encumbrances**

The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**E. Pooled Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. Investments held for the construction of buildings is presented as "investments."

During fiscal year 2003, investments were limited to certificates of deposit and federal agency securities. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit, are valued at cost.

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 2003 was \$57,390, which included \$2,296 assigned from other District funds.

For purposes of the combined statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

purchased by the District are considered to be cash equivalents. For purpose of reporting cash flows, cash and cash equivalents are defined as equity in pooled cash and cash equivalents as those amounts available for immediate withdrawal.

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory, in governmental funds consist of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

**G. Property, Plant and Equipment**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Contributed fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500, except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation. No depreciation is recognized for assets in the general fixed assets account group.

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 District does not have any infrastructure.

2. Proprietary Funds

Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided for furniture, fixtures, and equipment on a straight-line basis over estimated useful lives of five to ten years.

**H. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants 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 for Proprietary Fund operations are recognized as revenue when measurable and earned. This District currently participates in various state and federal programs, categorized as follows:

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**Entitlements**

General Fund

State Foundation Program

Special Revenue Funds

Disadvantaged Pupil Impact Aid

**Non-Reimbursable Grants**

Special Revenue Funds

Local Professional Development Grant (Through Northwest Ohio  
Educational Service Center)

Educational Management Information Systems (EMIS)

ONE-NET Network Connectivity

SchoolNet Professional Development

Ohio Reads Grant

Summer Intervention

Teen Hotline

Eisenhower Grant Fund (Through Northwest Ohio Educational Service Center)

Title VI-B Flow Through

Title I

Title VI

Drug Free School Grant

Preschool Disabilities Grant (Through Northwest Ohio Educational Service Center)

Title VI-R Class Reduction

Title II-A

Title II-D

Assistive Tech Infusion Project

Capital Projects Funds

SchoolNet Plus

Technology Equity

Interactive Video Distance Learning (IVDL)

Ohio School Facilities Grant

**Reimbursable Grants**

General Fund

Driver Education Reimbursement

Vocational Mileage Reimbursement (C. Perkins Grant)

School Bus Purchase Reimbursement

Enterprise Fund

National School Lunch Program

Government Donated Commodities

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**I. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund through which resources are to be expended and recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund receivable and interfund payable.

**J. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District to create a reserve for textbooks and instructional materials and capital improvements. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**K. Fund Balance Reserves and Designations**

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

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 contributions signifies the legal restrictions on the use of principal. Designations represent amounts set-aside for textbook and instructional materials and capital improvements that exceed statutorily required amounts. Designations represent tentative management plans which are subject to change.

**L. Cash Flows**

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 original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**M. Compensated Absences**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those, the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the general long-term obligations account group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

**N. 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 obligations, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year-end are considered not to have used current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

**O. Pass-through Grants**

The Eisenhower, Title VI-B, and Handicapped Preschool special revenue funds are pass-through grants in which the Northwest Ohio Educational Service Center is the primary recipient. In accordance with GASB Statement 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance" the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**P. 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.

**Q. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003 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.

**R. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This information is not comparable to a consolidation. Interfund-type eliminations have not been made in the combining of the data.

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five 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 moneys are those moneys, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the 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 money deposited with the institution.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investments 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 District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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".



**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**A. Cash on Hand**

For year ending June 30, 2003 the District had cash on hand of \$75, which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents."

**B. Deposits**

At June 30, 2003 the carrying amount of the District's deposits was \$4,984,658 and the bank balance was \$5,157,998. Of the bank balance:

1. \$302,816 was covered by federal depository insurance; and
2. \$4,855,182 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal regulations could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or its trust department or agent but not in the District's name.

Investments as of June 30, 2003 consisted of federal agency securities which are category 3 and had a carrying amount and fair value of \$5,214,901.

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, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$4,984,733	\$5,214,901
Cash on Hand	(75)	
GASB Statement 3	\$4,984,658	\$5,214,901

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**4. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35 percent of appraised market value. Pertinent real property tax dates are:

Collection Dates	January and July of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	April 1 of the year preceding the collection year

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

Collection Dates	April and September of the current year
Lien Date	January 1 of the current year
Levy Date	April 1 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35 percent of its true value. Pertinent public utility tangible personal property tax dates are:

Collection Dates	January and July of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	April 1 of the year preceding the collection year

The County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and August.

The County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in May and October.

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes, which are measurable at June 30, 2003. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion, which is available to advance as of June 30, 2003.

The assessed values of properties upon which property tax revenues were based are as follows:

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

	Amount
Residential/Agricultural	\$55,755,360
Commercial/Industrial	13,457,410
Public Utility	3,029,970
General Personal Property	19,829,350
Total valuation	\$92,072,090

**5. FIXED ASSETS**

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

	Balance at 07/01/02	Additions	Disposals	Balance at 06/30/03
Land and land improvements	\$265,286	\$200,506		\$465,792
Buildings	3,828,874	143,087		3,971,961
Furniture, fixtures, and equipment	3,619,757	185,854	\$189,820	3,615,791
Textbooks and library books	536,390	8,060		544,450
Construction in Progress		501,230		501,230
Total	\$8,250,307	\$1,038,737	\$189,820	\$9,099,224

A summary of Enterprise Fund fixed assets follows:

	Balance at 06/30/03
Asset Category	
Furniture, fixtures, and equipment	\$105,487
Less accumulated depreciation	(61,399)
Total	\$44,088

**6. RECEIVABLES**

Receivables at June 30, 2003, consisted of taxes, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**7. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2003, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

	Balance at 07/01/02	Additions	Reductions	Balance at 06/30/03
School Improvement Bonds		\$5,340,000		\$5,340,000
General Obligation Capital Appreciation Bonds		205,000		205,000
Total Long-Term Bonds		<u>\$5,545,000</u>		<u>\$5,545,000</u>
Intergovernmental Payable	\$49,573	12,023		61,596
Compensated Absences	651,452	19,914		671,366
Total	<u>\$701,025</u>	<u>\$5,576,937</u>		<u>\$6,277,962</u>

Compensated absences and intergovernmental payables, representing the District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The School Improvement Bond Issue was entered into in March 2003 for the amount of \$5,545,000. The bonds were issued for the construction of a new school building and renovation of other buildings. The bond issue included serial and capital appreciation bonds of \$5,340,000 and \$205,000, respectively, and has interest rates ranging from 1.5 to 4.4 percent. The bonds will be retired with a voted property tax levy from the debt service fund.

The Capital Appreciation Bonds will mature in fiscal years 2013 and 2014. The maturity amount of the bonds is \$240,000 for both fiscal year 2013 and 2014. Capital Appreciation Bonds are not subject to redemption prior to maturity.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2003 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2004	\$100,000	\$231,998	\$331,998
2005	195,000	182,749	377,749
2006	200,000	178,799	378,799
2007	205,000	174,749	379,749
2008	210,000	170,467	380,467
2009 – 2013	996,778	902,095	1,898,873
2014 – 2018	1,103,222	785,724	1,888,946
2019 – 2023	1,485,000	387,509	1,872,509
2024 – 2026	1,050,000	70,578	1,120,578
Total	<u>\$5,545,000</u>	<u>\$3,084,668</u>	<u>\$8,629,668</u>

Total expenditures for interest for the above debt for the period ended June 30, 2003 was \$49,352.

**8. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 20 days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

All employees are entitled to a sick leave credit equal to one and one-quarter for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or inquiry or, within certain limitations, be paid to the employee upon retirement. The actual amount of severance pay payable to a retiring employee shall be determined by multiplying .25 by the first 120 days or part thereof, accumulated sick leave plus an additional .25 by the accumulated days above 180 to 220, and 100 percent by the accumulated days between 221 to 250. The maximum days credited shall be 56 days.

At June 30, 2003 the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the general long-term obligation account group were \$47,423 and \$671,366, respectively. The liability for compensated absences in the proprietary funds at June 30, 2003 was \$9,003.

**9. PENSION AND RETIREMENT PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ending June 30, 2003, 2002, and 2001, were \$62,034, \$55,136, and \$42,518, respectively; 54 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$28,838, representing the unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ending June 30, 2003, 2002, and 2001, were \$397,872, \$363,836, and \$345,680, respectively; 85 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$59,027, representing the unpaid contribution for fiscal year 2003 is recorded as a liability within the respective funds.

**10. POSTEMPLOYMENT BENEFITS**

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit Plan and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code, the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care costs in the form of monthly premium.

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

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Stabilization Fund. Effective July 1, 2002, 1 percent of covered payroll will be allocated to the fund. The balance in the Health Care Stabilization Fund was \$3.011 billion on June 30, 2002. For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000. There were 105,300 eligible benefit recipients.

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

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2002, the allocation rate is 8.54 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2002, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, the Retirement System's net assets available for payment of health care benefits were \$335.2 million.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

The number of participants currently receiving health care benefits is approximately 50,000.

For the District the amount to fund health care benefits, including the surcharge, equaled \$115,033.

**11. INSURANCE**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90 percent co-insured.

Settled claims have not exceeded the commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverages from last year.

**B. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council (NBEC) for the benefits offered to its employees, which includes health, dental, and life insurance. NBEC is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**12. ENTERPRISE FUNDS SEGMENT INFORMATION**

The District maintains two Enterprise Funds, which include lunchroom/cafeteria and uniform school supply. Segment information for the year ended June 30, 2003, was as follows:

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

	Lunchroom/ Cafeteria	Uniform School Supply	Total Enterprise Fund
Operating Revenues	167,743	1,284	169,027
Depreciation	3,245		3,245
Operating income (loss)	(132,922)	(1,766)	(134,688)
Donated Commodities	27,331		27,331
Grants	77,429		77,429
Interest	348		348
Loss on Disposal of Asset	(4,961)		(4,961)
Other	500		500
Net income (loss)	(32,275)	(1,766)	(34,041)
Fixed Asset Additions	2,270		2,270
Fixed Asset Deletions	(12,141)		(12,141)
Net working capital	58,698	4,418	63,116
Total assets	146,595	4,418	151,013
Total liabilities	43,809		43,809
Total equity	102,786	4,418	107,204

**13. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The 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 school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NWOCA during fiscal year 2003 were \$65,013. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Total disbursements made by the District to NBEC for GAAP conversion services during fiscal year 2003 were \$3,000. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.



**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**C. Four County Career Center**

The Four County Career Center 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 educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Lois Knuth, who serves as Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

**D. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

**14. GROUP PURCHASING POOLS**

**A. Northern Buckeye Education Council's Employee Insurance Benefits Program**

The Northern Buckeye Education Council Employee Insurance Benefits Program includes health, dental, life and vision insurance plans. The health and dental plans are risk-sharing pools among approximately 30 members, and the life insurance plan is a group purchasing pool among 29 members. The purpose of the plans 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 contract with any third-party claims administrator or insurance company. The insurance group is governed by a council of two representatives from each of the four counties, in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2003, the District contributed a total of \$774,825 for all four plans. Financial information can be obtained from Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

**B. Northern Buckeye Education Council's Workers' Compensation Group Rating Plan**

The District participates in a group rating plan for workers' compensation as established under § 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three-member board of directors consisting of two Assembly representatives for each of the counties of Defiance, Fulton, Henry, and Williams and the representative of the member serving as fiscal agent for NBEC. The Executive Director of the Council shall coordinate the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

**15. RELATED ORGANIZATION**

Montpelier Public Library

The Montpelier Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Montpelier Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Montpelier Public Library, Kelly Michael, Clerk/Treasurer, at 216 East Main Street, Montpelier, Ohio 43543.

**16. SCHOOL DISTRICT INCOME TAX**

In 1999, the voters of the Montpelier Exempted Village School District passed a .75 percent school income tax on wages earned by residents of the District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2003, the District recorded income tax revenue of \$600,422 in the General Fund, of which \$226,329 is recorded as a receivable at June 30, 2003.

**17. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The District designates a portion of the fund balance for the required set-aside amounts for budget stabilization, textbooks, and capital acquisition prior to the start of the fiscal year.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2003  
(Continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2002	\$110,228	\$121,390	\$231,618
Current Year Set-aside Requirement	245,650	245,650	491,300
Qualifying Disbursements	(135,054)	(363,785)	(498,839)
Total	<u>\$220,824</u>	<u>\$3,255</u>	<u>\$224,079</u>
Cash Balance Carried Forward to FY 2004	<u>\$220,824</u>	<u>\$3,255</u>	<u>\$224,079</u>
Total Restricted Assets	<u>\$220,824</u>	<u>\$3,255</u>	<u>\$224,079</u>

**18. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**18. CONTRACTUAL COMMITMENTS**

As of June 30, 2003, the District had the following contractual purchase commitments:

<u>Company</u>	<u>Amount Remaining</u>
Fanney/Howey Associates	<u>\$ 967,159</u>

**This page intentionally left blank.**

**This page intentionally left blank.**

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education:</i>		
<u>Nutrition Cluster:</u>		
Food Distribution Program		10.550
National School Lunch Program		10.555
Special Milk Program		10.556
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>		
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education:</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States (IDEA Part B)	045526 6B-SF 2002P 045526 6B-SF 2003P	84.027
Total Special Education Grants to States		
Grants to Local Educational Agencies (ESEA Title 1)	045526-C1-S1-2002 045526-C1-S1-2003	84.010
Total Grants to Local Educational Agencies		
Innovative Educational Program Strategies	045526-C2-S1-2002 045526-C2-S1-2003	84.298
Total		
Drug-Free Schools Grant	045526-DR-S1-2002 045526-DR-S1-2003	84.186
Total		
Class Reduction Grant	045526-CR-S1-2002	84.340
Technology, Title II-D	045526-TJS1-2003	84.318
Assistive Technology Project Grant	045526-ATS3-2002	84.352
Improving Teacher Quality Grant	045526-TRS1-2003	84.367
<b>Total U.S. Department of Education</b>		
<b>Totals</b>		

*The accompanying notes are an integral part of this schedule.*

<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
	\$27,331		\$27,411
\$71,804		\$71,804	
2,458		2,458	
<u>74,262</u>	<u>27,331</u>	<u>74,262</u>	<u>27,411</u>
		10,134	
92,819		101,413	
<u>92,819</u>		<u>111,547</u>	
3,303		22,335	
116,268		107,361	
<u>119,571</u>		<u>129,696</u>	
		4,231	
1,233		6,848	
<u>1,233</u>		<u>11,079</u>	
		471	
5,123		4,658	
<u>5,123</u>		<u>5,129</u>	
		8,901	
2,226		1,873	
1,910		1,910	
44,563		37,668	
<u>267,445</u>		<u>307,803</u>	
<u>\$341,707</u>	<u>\$27,331</u>	<u>\$382,065</u>	<u>\$27,411</u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2003**

**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 - CHILD NUTRITION CLUSTER**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

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





## **Auditor of State Betty Montgomery**

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

Montpelier Exempted Village School District  
Williams County  
110 North East Street  
Montpelier, Ohio 43543-1176

To the Board of Education

We have audited the financial statements of Montpelier Exempted Village School District (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated January 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 January 27, 2004.

#### **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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 27, 2004.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2004



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Montpelier Exempted Village School District  
Williams County  
110 North East Street  
Montpelier, Ohio 43543-1176

To the Board of Education:

#### Compliance

We have audited the compliance of Montpelier Exempted Village School District (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 each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 auditing standards generally accepted in the United States of America; 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 each of its major federal programs for the year ended June 30, 2003.

#### 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*.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

This report is intended for the information and use of the audit committee, management, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2004

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT  
WILLIAMS COUNTY**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2003

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT**

**WILLIAMS 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  
MARCH 4, 2004**