



**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Montpelier Exempted Village School District
Williams County
110 North East Avenue
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, Williams County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 7, 2000

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**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$890,881	\$145,843	\$106,515	\$42,000
Cash and Cash Equivalents:				
With Fiscal Agents		560		
Receivables:				
Taxes	2,246,706		91,858	
Accounts	10,230	182		
Intergovernmental				
Accrued Interest	877	68		
Income Tax	118,036			
Materials and Supplies Inventory	36,224	1,370		
Prepaid Items	8,635			
Fixed Assets (Net of Accumulated Depreciation, Where Applicable)				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	129,805			
Other Debits:				
Amount Available in Debt Service Fund for Retirement of Long Term Obligations				
Amount to be Provided From General Government Resources				
Total Assets and Other Debits	<u><u>\$3,441,394</u></u>	<u><u>\$148,023</u></u>	<u><u>\$198,373</u></u>	<u><u>\$42,000</u></u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$132,305	\$70,704			\$1,388,248
				560
				2,338,564
8,035				18,447
438				438
	488			1,433
				118,036
14,355	236			52,185
				8,635
56,970		\$8,070,007		8,126,977
				129,805
			\$106,515	106,515
			687,974	687,974
\$212,103	\$71,428	\$8,070,007	\$794,489	\$12,977,817

(Continued)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Liabilities:				
Accounts Payable	\$1,229			
Accrued Wages and Benefits	554,245	\$29,158		
Compensated Absences Payable	37,606			
Intergovernmental Payable	97,797	189		
Deferred Revenue	1,921,281		\$83,619	
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	<u>2,612,158</u>	<u>29,347</u>	<u>83,619</u>	
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	7,424	107		
Reserved for Inventory	36,224	1,370		
Reserved for Prepaid Items	8,635			
Reserved for Debt Service			106,515	
Reserved for Contributions				
Reserved for Property Taxes	325,425		8,239	
Reserved for Textbooks and Instructional Materials	76,184			
Reserved for Capital Improvements	24,535			
Reserved for Budget Stabilization	29,086			
Designated:				
Designated for Textbooks and Instructional Materials	113,090			
Designated for Capital Improvements	153,169			
Unreserved, Undesignated	<u>55,464</u>	<u>117,199</u>		<u>\$42,000</u>
Total Fund Equity and Other Credits	<u>829,236</u>	<u>118,676</u>	<u>114,754</u>	<u>42,000</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$3,441,394</u>	<u>\$148,023</u>	<u>\$198,373</u>	<u>\$42,000</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
				\$1,229
\$14,043				597,446
6,121			\$592,908	636,635
12,128			51,581	161,695
6,535				2,011,435
	\$13,900			13,900
			150,000	150,000
<u>38,827</u>	<u>13,900</u>		<u>794,489</u>	<u>3,572,340</u>
		\$8,070,007		8,070,007
173,276				173,276
				7,531
				37,594
				8,635
				106,515
	20,000			20,000
				333,664
				76,184
				24,535
				29,086
				113,090
				153,169
	37,528			252,191
<u>173,276</u>	<u>57,528</u>	<u>8,070,007</u>		<u>9,405,477</u>
<u>\$212,103</u>	<u>\$71,428</u>	<u>\$8,070,007</u>	<u>\$794,489</u>	<u>\$12,977,817</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, 2000**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Intergovernmental	\$3,861,778	\$358,609
Interest	71,225	275
Tuition and Fees	11,710	
Rent	971	
Extracurricular Activities		126,124
Gifts and Donations	3,473	18,452
Customer Services	16,981	
Income Tax	165,283	
Property and Other Local Taxes	2,438,126	
Miscellaneous	142,755	32,801
Total Revenues	<u>6,712,302</u>	<u>536,261</u>
Expenditures:		
Current:		
Instruction:		
Regular	3,188,023	78,413
Special	523,983	198,527
Vocational	181,476	
Adult/Continuing	698	
Other	52,858	
Support Services:		
Pupils	383,269	11,173
Instructional Staff	244,706	19,270
Board of Education	9,567	
Administration	498,445	21,464
Fiscal	170,801	
Business	1,725	
Operation and Maintenance of Plant	595,421	
Pupil Transportation	316,457	
Central	88,411	55,871
Non-Instructional Services	2,924	1,135
Extracurricular activities	150,290	118,377
Capital Outlay	4,500	
Debt Service:		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	<u>6,413,554</u>	<u>504,230</u>
Excess of Revenues Over Expenditures	<u>298,748</u>	<u>32,031</u>
Other Financing Sources/(Uses)		
Operating Transfers In		1,184
Proceeds from Sale of Fixed Assets	3,461	
Other Financing Sources	8,389	
Other Financing Uses	(4)	
Operating Transfers Out	(8,110)	
Total Other Financing Sources/(Uses)	<u>3,736</u>	<u>1,184</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	302,484	33,215
Fund Balance at Beginning of Year	526,752	85,461
Fund Balance at End of Year	<u>\$829,236</u>	<u>\$118,676</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>	
\$9,281	\$52,521	\$1,357	\$4,282,189
			72,857
			11,710
			971
			126,124
		16,000	37,925
			16,981
88,688			165,283
			2,526,814
		6	175,562
97,969	52,521	17,363	7,416,416
	16,077		3,282,513
			722,510
			181,476
			698
			52,858
			394,442
			263,976
			9,567
2,327			519,909
			173,128
			1,725
			595,421
			316,457
			144,282
		2,827	6,886
		1,913	270,580
			4,500
75,000			75,000
13,170			13,170
90,497	16,077	4,740	7,029,098
7,472	36,444	12,623	387,318
3,925			5,109
			3,461
			8,389
	(8,035)		(8,039)
			(8,110)
3,925	(8,035)		810
11,397	28,409	12,623	388,128
103,357	13,591	23,691	752,852
\$114,754	\$42,000	\$36,314	\$1,140,980

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	General		Variance: Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Intergovernmental	\$4,253,697	\$3,863,278	(\$390,419)
Interest	65,000	70,348	5,348
Tuition and Fees	11,000	8,342	(2,658)
Rent	500	971	471
Extracurricular Activities			
Gifts and Donations	2,900	3,473	573
Customer Services	9,192	16,981	7,789
Income Tax		47,247	47,247
Property and Other Local Taxes	2,239,391	2,527,877	288,486
Miscellaneous	144,500	140,051	(4,449)
Total Revenues	6,726,180	6,678,568	(47,612)
Expenditures:			
Current:			
Instruction:			
Regular	3,577,965	3,239,218	338,747
Special	573,241	565,538	7,703
Vocational	181,506	178,721	2,785
Adult/Continuing	2,850	746	2,104
Other	60,000	52,858	7,142
Support Services:			
Pupils	385,917	365,577	20,340
Instructional Staff	257,656	247,058	10,598
Board of Education	10,832	10,319	513
Administration	516,558	483,745	32,813
Fiscal	178,700	171,321	7,379
Business	1,725	1,725	
Operation and Maintenance of Plant	844,210	595,730	248,480
Pupil Transportation	371,080	318,965	52,115
Central	105,374	80,707	24,667
Non-Instructional Services	5,800	2,924	2,876
Extracurricular Activities	186,388	151,414	34,974
Capital Outlay	31,715	4,500	27,215
Debt Service:			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	7,291,517	6,471,066	820,451
Excess of Revenues Over (Under) Expenditures	(565,337)	207,502	772,839
Other Financing Sources/(Uses)			
Operating Transfers In			
Proceeds from Sale of Fixed Assets	1,000	3,461	2,461
Refund of Prior Year Expenditures		354	354
Advances In		44,847	44,847
Refund of Prior Year Receipts	(4)	(4)	
Other Financing Uses	(29,063)		29,063
Operating Transfers Out	(154,639)	(8,110)	146,529
Advances Out	(15,940)		15,940
Total Other Financing Sources/(Uses)	(198,646)	40,548	239,194
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(763,983)	248,050	1,012,033
Fund Balances at Beginning of Year	742,032	742,032	
Prior Year Encumbrances Appropriated	21,951	21,951	
Fund Balances at End of Year	\$1,012,033	\$1,012,033	\$1,012,033

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$349,234 300	\$349,234 207	(\$93)	\$9,318	\$9,281	(\$37)
127,327 28,370	126,744 18,452	(583) (9,918)			
21,535	32,801	11,266	91,062	91,094	32
526,766	527,438	672	100,380	100,375	(5)
134,441 223,805	75,498 195,703	58,943 28,102			
12,073 10,431	11,173 7,015	900 3,416			
21,901	21,079	822	8,876	2,326	6,550
73,400 1,135 151,918	55,871 1,135 116,521	17,529 35,397			
			125,000 113,135	125,000 13,170	99,965
629,104	483,995	145,109	247,011	140,496	106,515
(102,338)	43,443	145,781	(146,631)	(40,121)	106,510
1,230	1,184	(46)	3,920	3,925	5
1,230	1,184	(46)	3,920	3,925	5
(101,108) 99,695 1,413	44,627 99,695 1,413	145,735	(142,711) 142,711	(36,196) 142,711	106,515
	\$145,735	\$145,735		\$106,515	\$106,515

(Continued)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Capital Projects		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$52,522	\$97,368	\$44,846
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Income Tax			
Property and Other Local Taxes			
Miscellaneous			
Total Revenues	52,522	97,368	44,846
Expenditures:			
Current:			
Instruction:			
Regular	58,078	16,077	42,001
Special			
Vocational			
Adult/Continuing			
Other			
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular Activities			
Capital Outlay			
Debt Service:			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	58,078	16,077	42,001
Excess of Revenues Over (Under) Expenditures	(5,556)	81,291	86,847
Other Financing Sources/(Uses)			
Operating Transfers In			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In	44,847		(44,847)
Refund of Prior Year Receipts			
Other Financing Uses			
Operating Transfers Out			
Advances Out	(44,847)	(44,847)	
Total Other Financing Sources/(Uses)	(44,847)	(44,847)	(44,847)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,556)	36,444	42,000
Fund Balances at Beginning of Year	5,556	5,556	
Prior Year Encumbrances Appropriated			
Fund Balances at End of Year	42,000	42,000	42,000

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

Expendable Trust			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
			\$4,664,771	\$4,319,161	(\$345,610)
\$1,260	\$1,357	\$97	66,560	71,912	5,352
			11,000	8,342	(2,658)
			500	971	471
			127,327	126,744	(583)
16,025	16,000	(25)	47,295	37,925	(9,370)
			9,192	16,981	7,789
			0	47,247	47,247
			2,330,453	2,618,971	288,518
6	6		166,041	172,858	6,817
17,291	17,363	72	7,423,139	7,421,112	(2,027)
1,000		1,000	3,771,484	3,330,793	440,691
			797,046	761,241	35,805
			181,506	178,721	2,785
			2,850	746	2,104
			60,000	52,858	7,142
			397,990	376,750	21,240
			268,087	254,073	14,014
			10,832	10,319	513
			538,459	504,824	33,635
			187,576	173,647	13,929
			1,725	1,725	
			844,210	595,730	248,480
			371,080	318,965	52,115
35,332	2,827	32,505	178,774	136,578	42,196
4,434	1,913	2,521	42,267	6,886	35,381
			342,740	269,848	72,892
			31,715	4,500	27,215
			125,000	125,000	
			113,135	13,170	99,965
40,766	4,740	36,026	8,266,476	7,116,374	1,150,102
(23,475)	12,623	36,098	(843,337)	304,738	1,148,075
			5,150	5,109	(41)
			1,000	3,461	2,461
				354	354
			44,847	44,847	
			(4)	(4)	
			(29,063)		29,063
			(154,639)	(8,110)	146,529
			(60,787)	(44,847)	15,940
			(193,496)	810	194,306
(23,475)	12,623	36,098	(1,036,833)	305,548	1,342,381
23,474	23,474		1,013,468	1,013,468	
			23,364	23,364	
(\$1)	\$36,097	\$36,098	(\$1)	\$1,342,380	\$1,342,381

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$189,939		\$189,939
Interest		\$1,244	1,244
Other Revenues	3,567		3,567
Total Operating Revenues	<u>193,506</u>	<u>1,244</u>	<u>194,750</u>
Operating Expenses:			
Salaries	86,597		86,597
Fringe Benefits	28,905		28,905
Purchased Services	1,250		1,250
Materials and Supplies	161,849		161,849
Depreciation	4,566		4,566
Other	601	1,602	2,203
Total Operating Expenses	<u>283,768</u>	<u>1,602</u>	<u>285,370</u>
Operating Loss	<u>(90,262)</u>	<u>(358)</u>	<u>(90,620)</u>
Non-Operating Revenues/(Expenses):			
Federal Donated Commodities	26,059		26,059
Federal and State Subsidies	63,320		63,320
Interest	11,131		11,131
Loss on Sale of Fixed Assets	(2,040)		(2,040)
Total Non-Operating Revenues/(Expenses)	<u>98,470</u>		<u>98,470</u>
Income/(Loss) Before Operating Transfers	8,208	(358)	7,850
Operating Transfers-In	3,000		3,000
Net Income/(Loss)	11,208	(358)	10,850
Retained Earnings/Fund Balance at Beginning of Year	162,068	21,572	183,640
Retained Earnings/Fund Balance at End of Year	<u><u>\$173,276</u></u>	<u><u>\$21,214</u></u>	<u><u>\$194,490</u></u>

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
DECREASE IN CASH AND CASH EQUIVALENTS:			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$187,083		\$187,083
Other Cash Receipts	3,567		3,567
Cash Payments to Suppliers for Goods and Services	(139,990)		(139,990)
Cash Payments for Contract Services	(1,250)		(1,250)
Cash Payments for Employee Services	(87,291)		(87,291)
Cash Payments for Employee Benefits	(23,107)		(23,107)
Other Cash Payments	(601)	(\$1,602)	(2,203)
Net Cash Used for Operating Activities	(61,589)	(1,602)	(63,191)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	80,265		80,265
Transfers In	3,000		3,000
Net Cash Provided by Noncapital Financing Activities	83,265		83,265
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(4,939)		(4,939)
Cash Flows from Investing Activities:			
Interest Received	11,131	1,244	12,375
Net Increase (Decrease) in Cash and Cash Equivalents	27,868	(358)	27,510
Cash and Cash Equivalents at Beginning of Year	104,437	21,301	125,738
Cash and Cash Equivalents at End of Year	\$132,305	\$20,943	\$153,248

(Continued)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY, OHIO**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:			
Operating Loss	(\$90,262)	(\$358)	(90,620)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	4,566		4,566
Donated Commodities Used During the Year	26,059		26,059
Adjustments to Capital Outlay	424		424
Nonexpendable Trust Interest		(1,244)	(1,244)
(Increase) Decrease in Assets:			
Accounts Receivable	(2,856)		(2,856)
Material and Supplies Inventory	1,787		1,787
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	(2,157)		(2,157)
Intergovernmental Payable	967		967
Deferred Revenue	(2,498)		(2,498)
Accrued Wages and Benefits	2,381		2,381
Total Adjustments	28,673	(1,244)	27,429
Net Cash Used for Operating Activities	(\$61,589)	(\$1,602)	(\$63,191)
Reconciliation of Nonexpendable Trust Fund Cash to Balance Sheet			
Total Trust and Agency Fund Cash per Balance Sheet			\$70,704
Less: Expendable Trust and Agency Funds			(49,761)
Nonexpendable Trust Fund Cash			\$20,943

The Food Service Fund consumed donated commodities with a value of \$26,059.
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, 2000**

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, 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 12, 13, and 14 to the general-purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The modified accrual basis of accounting is followed for governmental, expendable trust, and agency funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. Under this basis of accounting:

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - a. Revenue accrued at the end of the year included taxes, interest, student fees, and tuition.
 - b. Property taxes measurable, but not available as of June 30, 2000, and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenues.
4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources, rather than in the period earned by employees.

The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

The proprietary and nonexpendable trust funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The District also applies Financial Accounting Standards Board (FASB) Statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements.

The District applies GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement establishes accounting and reporting guidelines for government investments and investment pools. Certain investments, which were reported at cost in previous years, are now reported at fair value.

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:

1. Governmental Funds

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

General Fund - The funds 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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 Fund - The fund 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 principals, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt 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).

2. Proprietary Funds

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

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.

3. 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 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.

4. 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

C. Budgetary Accounting

Budgets are adopted on a cash basis.

The Eisenhower special revenue fund is a pass through grant in which the Northwest Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the District's reporting entity for which the "appropriated budget" is adopted, and they do not maintain separate budgetary records.

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 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. 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.
6. 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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.

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, 2000 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	\$248,050	\$44,627	(\$36,196)	\$36,444	\$12,623
Adjustments:					
Revenue Accruals	33,734	8,823	(2,406)	(44,847)	
Expenditure Accruals	48,859	(20,342)	49,999		
Other Financing Sources (Uses)	(36,812)			36,812	
Reserve for Encumbrances	8,653	107			
GAAP Basis	<u>\$302,484</u>	<u>\$33,215</u>	<u>\$11,397</u>	<u>\$28,409</u>	<u>\$12,623</u>

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.

During fiscal year 2000, investments were limited to nonparticipating investment contracts, which are certificates of deposit and a repurchase agreement that are reported 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 2000 amounted to \$71,225.

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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. 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. 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:

Entitlements

General Fund

State Foundation Program

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Drug Free School Grant

Title I

Title VI

Title VI-B Flow Through

Eisenhower Grant Fund (Through Northwest Ohio Educational Service Center)

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Local Professional Development Grant (Through Northwest Ohio Educational Service Center)
Preschool Disabilities Grant (Through Northwest Ohio Educational Service Center)
Educational Management Information Systems (EMIS)
SchoolNet Professional Development
Textbook/Instructional Materials Subsidy
Development Pupil Impact Aid
Ohio Reads Grant
Summer Intervention
Telecomm
Title VI-R Class Reduction

Capital Projects Funds

SchoolNet Plus
Technology Equity
Emergency Building Repair

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

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 due to and due from other funds.

J. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include and amounts required by statute to be set-aside by the District for the purchase of textbooks, for the acquisition or construction of capital assets, and to create a reserve for budget stabilization. See Note 15 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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, contributions, property taxes, budget stabilization, 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 budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies the legal restrictions on the use of principal. The designations for textbook and instructional materials and capital improvements represent revenues set aside that exceed statutorily required amounts.

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.

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 School 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

N. 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.

O. 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.

P. 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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. 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.

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;

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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

Cash on Hand

For year ending June 30, 2000, 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."

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".

Deposits

At June 30, 2000, the carrying amount of the District's deposits was \$473,970 and the bank balance was \$534,217. Of the bank balance:

1. \$218,646 was covered by federal depository insurance; and
2. \$315,571 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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, 2000, were as follows:

	Carrying Amount	Fair Value
Repurchase Agreement (Category 3)	\$1,044,008	\$1,074,229

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	\$1,518,613	
Cash with fiscal agents	(560)	
Investments:		
Repurchase Agreement	(1,044,008)	\$1,044,008
Cash on Hand	(75)	
GASB Statement 3	\$473,970	\$1,044,008

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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, 2000. 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, 2000.

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

	Fiscal Year 2000
Residential/Agricultural	\$45,104,320
Commercial/Industrial	9,334,900
Public Utility	4,548,200
General Personal Property	14,576,770
Total valuation	<u>\$73,564,190</u>

5. FIXED ASSETS

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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

	Balance at 6/30/99	Additions	Disposals	Balance at 6/30/00
Land and land improvements	\$265,286			\$265,286
Buildings	3,788,587	\$35,145	\$1,600	3,822,132
Furniture, fixtures, and equipment	3,333,492	257,963	131,719	3,459,736
Library books	518,266	4,587		522,853
Total	<u>\$7,905,631</u>	<u>\$297,695</u>	<u>\$133,319</u>	<u>\$8,070,007</u>

A summary of Enterprise Fund fixed assets follows:

Asset Category	Balance at June 30, 2000
Furniture, fixtures, and equipment	\$116,114
Less accumulated depreciation	(59,144)
Total	<u>\$56,970</u>

6. LONG-TERM OBLIGATIONS

The following changes occurred in obligations reported in the general long-term obligations account group:

	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Intergovernmental Payable	\$46,812		\$9,992	\$51,581
General Obligation Bonds	225,000		75,000	150,000
Compensated Absences	616,225		23,317	592,908
Total	<u>\$888,037</u>		<u>\$108,309</u>	<u>\$794,489</u>

Long-term debt outstanding at June 30, 2000, consisted of school improvement bonds totaling \$150,000 (interest rate 6.0 percent at June 30, 2000). These bonds were issued in 1978 and will mature in 2001.

Total expenditures for interest for the above debt for the period ended June 30, 2000 was \$13,170.

The scheduled payments of principal and interest on debt outstanding at June 30, 2000 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$75,000	\$6,750	\$81,750
2002	75,000	2,250	77,250
Total	<u>\$150,000</u>	<u>\$9,000</u>	<u>\$159,000</u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

7. 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.

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 credit shall be 54 days.

At June 30, 2000, the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the general long-term obligation account group were \$37,606 and \$592,908, respectively. The liability for compensated absences in the proprietary funds at June 30, 2000, was \$6,121.

8. 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.

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. For fiscal year 2000, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ending June 30, 2000, 1999, and 1998, were \$139,414, \$135,931, and \$211,902, respectively; 56 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$61,698, representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District 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

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ending June 30, 2000, 1999, and 1998, were \$515,688, \$523,071, and \$816,033, respectively; 85 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$79,576, representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

9. POSTEMPLOYMENT BENEFITS

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

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

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8 percent of covered payroll.

For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 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, 1999, the allocation rate is 6.30 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, 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, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of District employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 2000, as certified to the District by SERS.

For the District, the amount to fund postemployment benefits, including the surcharge equaled \$83,157.

10. RISK MANAGEMENT

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 13). 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.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

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.

11. ENTERPRISE FUNDS SEGMENT INFORMATION

The District maintains two Enterprise Funds, which include lunchroom/cafeteria and uniform school supply. Segment information was as follows:

	For the Year Ended June 30, 2000		
	Lunchroom/ Cafeteria	Uniform School Supply	Total Enterprise Fund
Operating revenues	\$166,127	\$27,379	\$193,506
Depreciation	4,566		4,566
Operating income (loss)	(92,053)	1,791	(90,262)
Donated Commodities	26,059		26,059
Grants	63,320		63,320
Interest	11,131		11,131
Loss on Disposal of Asset	(2,040)		(2,040)
Transfer In		3,000	3,000
Net income	6,417	4,791	11,208
Fixed Asset Additions	4,515		4,515
Fixed Asset Deletions	(5,127)		(5,127)
Net working capital	99,665	16,641	116,306
Total assets	195,462	16,641	212,103
Total liabilities	38,827		38,827
Total equity	156,635	16,641	173,276

12. 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 2000 were \$30,613. 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, 2000
(Continued)**

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 2000 were \$2,750. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22900 State Route 34, Archbold, Ohio 43502.

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, Michele Zeedyk, who serves as Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

13. GROUP PURCHASING POOLS

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

Northern Buckeye Education Council Employee Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams counties. The Pool is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the District to NBEC for employee insurance benefits during the fiscal year ending June 30, 2000 were \$517,235. Financial information can be obtained from Northern Buckeye Education Council, Cindy Siler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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 an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates 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. During the fiscal year ending June 30, 2000, the District paid an enrollment fee of \$895 to the WCGRP to cover the costs of administering the program.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

14. 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.

15. 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 is also required to set aside money for budget stabilization.

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.

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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Reserve Balance as of June 30, 1999	\$22,922		\$26,345	\$49,267
Current Year Set-aside Requirement	149,823	\$149,823	2,741	302,387
Qualifying Disbursements	(96,561)	(125,288)		(221,849)
Cash Balance Carried Forward to Fiscal Year 2001	<u>\$76,184</u>	<u>\$24,535</u>	<u>\$29,086</u>	<u>\$129,805</u>
Total Restricted Assets				<u>\$129,805</u>

16. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$3,618,661 of school foundation support for its general fund.

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "major areas warrant further attention, study, and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

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**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education:</i>		
Nutrition Cluster:		
Food Distribution Program		10.550
National School Lunch Program		10.555
Special Milk Program		10.556
Total U.S. Department of Agriculture - Nutrition Cluster		
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
Special Education Grants to States (IDEA Part B)	045526 6B-SF 99P 045526 6B-SF 00P	84.027
Total Special Education Grants to States		
Grants to Local Educational Agencies (ESEA Title 1)	045526-C1-S1-99 045526-C1-S1-00	84.010
Total Grants to Local Educational Agencies		
Innovative Educational Program Strategies	045526-C2-S1-99 045526-C2-S1-00	84.298
Total Innovative Educational Program Strategies		
Drug-Free Schools Grant	045526-DR-S1-99 045526-DR-S1-00	84.186
Total Drug-Free Schools Grant		
Class Reduction Grant	045526-CR-S1-00	84.340
Total U.S. Department of Education		

Totals

The accompanying notes are an integral part of this schedule.

Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
	\$23,560		26,059
\$74,998		\$74,998	
1,870		1,870	
<u>76,868</u>	<u>23,560</u>	<u>76,868</u>	<u>26,059</u>
		6,612	
73,050		64,129	
<u>73,050</u>		<u>70,741</u>	
		18,808	
129,537		109,974	
<u>129,537</u>		<u>128,782</u>	
		2,064	
772		2,792	
5,734		<u>4,856</u>	
<u>6,506</u>			
		680	
4,959		4,489	
<u>4,959</u>		<u>5,169</u>	
		15,088	
21,387		<u>15,088</u>	
<u>235,439</u>		<u>224,636</u>	
<u><u>\$312,307</u></u>	<u><u>\$23,560</u></u>	<u><u>\$301,504</u></u>	<u><u>\$26,059</u></u>

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

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

To the Board of Education:

We have audited the financial statements of the Montpelier Exempted Village School District, Williams County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 7, 2000.

Internal Control Over Financial Reporting

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

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

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

Jim Petro
Auditor of State

December 7, 2000



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

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

To the Board of Education:

Compliance

We have audited the compliance of the 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, 2000. 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 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

Internal Control Over Compliance

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

Montpelier Exempted Village School District
Williams County
Report of Independent Accountants on Compliance with Requirements
Applicable to the Major Federal Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

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

Jim Petro
Auditor of State

December 7, 2000

**MONTPELIER EXEMPTED VILLAGE SCHOOL DISTRICT
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I - CFDA 84.010 Nutrition Cluster - CFDA's 10.550, 10.555, 10.556
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JANUARY 09, 2001**