



**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Tri-Village Local School District
Darke County
P.O. Box 31
New Madison, Ohio 45346

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Tri-Village Local School District, Darke County, (the "District") as of and for the years ended June 30, 2000 and June 30, 1999, 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 Tri-Village Local School District, Darke County, as of June 30, 2000 and June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type 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 5, 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.

Jim Petro
Auditor of State

December 5, 2000

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**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$710,361	\$111,113	\$163,123	\$68,583
Cash and Cash Equivalents with Fiscal Agent	0	8,047	0	0
Receivables:				
Property and Other Taxes	1,360,292	0	68,320	132,893
Income Taxes	241,652	0	0	0
Accounts	26,847	77	0	0
Intergovernmental	700	0	0	0
Accrued Interest	2,284	0	0	0
Prepaid Items	11,719	0	0	0
Inventory Held for Resale	0	0	0	0
Inventory of Supplies and Materials	9,588	0	0	0
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	52,787	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u><u>\$2,416,230</u></u>	<u><u>\$119,237</u></u>	<u><u>\$231,443</u></u>	<u><u>\$201,476</u></u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$28,584	\$7,758	\$0	\$1,015
Accrued Wages and Benefits Payable	344,972	10,749	0	0
Compensated Absences Payable	7,376	0	0	0
Intergovernmental Payable	136,622	1,690	0	21
Deferred Revenue	1,241,764	0	61,290	121,554
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u><u>1,759,318</u></u>	<u><u>20,197</u></u>	<u><u>61,290</u></u>	<u><u>122,590</u></u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	207,898	15,577	0	4,910
Reserved for Inventory of Supplies and Materials	9,588	0	0	0
Reserved for Property Taxes	131,395	0	7,030	11,339
Reserved for Textbooks/Instructional Materials	31,774	0	0	0
Reserved for Budget Stabilization	21,013	0	0	0
Unreserved, Undesignated	255,244	83,463	163,123	62,637
Total Fund Equity and Other Credits	<u><u>656,912</u></u>	<u><u>99,040</u></u>	<u><u>170,153</u></u>	<u><u>78,886</u></u>
Total Liabilities, Fund Equity and Other Credits	<u><u>\$2,416,230</u></u>	<u><u>\$119,237</u></u>	<u><u>\$231,443</u></u>	<u><u>\$201,476</u></u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$37,908	\$36,912	\$0	\$0	\$1,128,000
0	0	0	0	8,047
0	0	0	0	1,561,505
0	0	0	0	241,652
5,147	0	0	0	32,071
0	0	0	0	700
0	0	0	0	2,284
0	0	0	0	11,719
7,533	0	0	0	7,533
562	0	0	0	10,150
0	0	0	0	52,787
17,704	0	4,570,424	0	4,588,128
0	0	0	170,153	170,153
0	0	0	882,094	882,094
<u>\$68,854</u>	<u>\$36,912</u>	<u>\$4,570,424</u>	<u>\$1,052,247</u>	<u>\$8,696,823</u>
\$664	\$0	\$0	\$0	\$38,021
14,613	0	0	0	370,334
6,268	0	0	327,260	340,904
8,387	0	0	43,897	190,617
5,751	0	0	0	1,430,359
0	32,912	0	0	32,912
0	0	0	87,090	87,090
0	0	0	60,000	60,000
0	0	0	534,000	534,000
<u>35,683</u>	<u>32,912</u>	<u>0</u>	<u>1,052,247</u>	<u>3,084,237</u>
0	0	4,570,424	0	4,570,424
33,171	0	0	0	33,171
0	1,000	0	0	229,385
0	0	0	0	9,588
0	0	0	0	149,764
0	0	0	0	31,774
0	0	0	0	21,013
0	3,000	0	0	567,467
<u>33,171</u>	<u>4,000</u>	<u>4,570,424</u>	<u>0</u>	<u>5,612,586</u>
<u>\$68,854</u>	<u>\$36,912</u>	<u>\$4,570,424</u>	<u>\$1,052,247</u>	<u>\$8,696,823</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$1,104,925	\$0	\$67,869	\$132,877	\$0	\$1,305,671
Income Taxes	640,401	0	0	0	0	640,401
Tuition and Fees	57,387	0	0	0	0	57,387
Interest	71,582	0	0	0	0	71,582
Intergovernmental	2,716,907	193,074	6,709	44,191	0	2,960,881
Extracurricular Activities	0	150,316	0	0	0	150,316
Gifts and Donations	0	9,759	0	0	0	9,759
Rent	90	0	0	0	0	90
Miscellaneous	3,096	2,480	0	0	0	5,576
Total Revenues	<u>4,594,388</u>	<u>355,629</u>	<u>74,578</u>	<u>177,068</u>	<u>0</u>	<u>5,201,663</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,977,062	31,387	0	17,608	0	2,026,057
Special	374,475	113,088	0	0	0	487,563
Vocational	104,815	0	0	0	0	104,815
Support Services:						
Pupils	145,412	728	0	0	0	146,140
Instructional Staff	181,537	77,450	0	62,143	0	321,130
Board of Education	6,404	0	0	0	0	6,404
Administration	387,705	5,670	0	3,620	0	396,995
Fiscal	140,608	0	1,773	6,608	0	148,989
Operation and Maintenance of Plant	325,325	853	0	84,076	0	410,254
Pupil Transportation	358,857	4,806	0	2,167	0	365,830
Central	14,090	5,608	0	0	0	19,698
Operation of Non-Instructional Services	0	1,859	0	0	0	1,859
Extracurricular Activities	76,487	135,422	0	0	0	211,909
Capital Outlay	142,323	0	0	1,125	0	143,448
Debt Service:						
Principal Retirement	28,880	0	70,000	0	0	98,880
Interest and Fiscal Charges	7,688	0	41,081	0	0	48,769
Total Expenditures	<u>4,271,668</u>	<u>376,871</u>	<u>112,854</u>	<u>177,347</u>	<u>0</u>	<u>4,938,740</u>
Excess of Revenues Over (Under) Expenditures:	<u>322,720</u>	<u>(21,242)</u>	<u>(38,276)</u>	<u>(279)</u>	<u>0</u>	<u>262,923</u>
Other Financing Sources (Uses):						
Inception of Capital Lease	95,970	0	0	0	0	95,970
Operating Transfers - In	0	0	34,968	0	0	34,968
Operating Transfers - Out	(34,968)	0	0	0	0	(34,968)
Total Other Financing Sources (Uses)	<u>61,002</u>	<u>0</u>	<u>34,968</u>	<u>0</u>	<u>0</u>	<u>95,970</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>383,722</u>	<u>(21,242)</u>	<u>(3,308)</u>	<u>(279)</u>	<u>0</u>	<u>358,893</u>
Fund Balances at Beginning of Year	270,602	120,282	173,461	79,165	4,000	647,510
Increase in Reserve for Inventory	<u>2,588</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,588</u>
Fund Balances at End of Year	<u>\$656,912</u>	<u>\$99,040</u>	<u>\$170,153</u>	<u>\$78,886</u>	<u>\$4,000</u>	<u>\$1,008,991</u>

See Accompanying Notes to the General Purpose Financial Statements

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**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$1,186,461	\$1,171,749	(\$14,712)	\$0	\$0	\$0
Income Tax	576,341	590,975	14,634	0	0	0
Tuition and Fees	90,000	74,986	(15,014)	0	0	0
Interest	50,000	74,830	24,830	0	0	0
Intergovernmental	2,756,551	2,746,574	(9,977)	227,611	225,203	(2,408)
Extracurricular Activities	0	0	0	139,212	150,239	11,027
Gifts and Donations	0	0	0	10,140	9,759	(381)
Rent	500	90	(410)	0	0	0
Miscellaneous	1,000	3,096	2,096	1,650	2,480	830
Total Revenues	4,660,853	4,662,300	1,447	378,613	387,681	9,068
Expenditures:						
Current:						
Instruction:						
Regular	2,083,624	2,029,475	54,149	33,842	31,387	2,455
Special	441,121	401,411	39,710	128,019	111,459	16,560
Vocational	107,297	104,541	2,756	0	0	0
Other	3,000	1,676	1,324	0	0	0
Support Services:						
Pupils	160,065	144,158	15,907	1,172	728	444
Instructional Staff	189,620	181,050	8,570	79,062	77,844	1,218
Board of Education	7,000	6,404	596	0	0	0
Administration	420,313	396,793	23,520	6,048	5,785	263
Fiscal	146,492	139,024	7,468	0	0	0
Operation and Maintenance of Plant	361,020	339,871	21,149	853	853	0
Pupil Transportation	432,353	394,498	37,855	4,865	4,817	48
Central	17,231	16,477	754	5,584	5,584	0
Operation of Non-Instructional Services	0	0	0	2,273	1,859	414
Extracurricular Activities	80,633	78,094	2,539	181,536	149,321	32,215
Capital Outlay	221,000	220,353	647	0	0	0
Debt Service:						
Principal Retirement	20,000	20,000	0	0	0	0
Interest and Fiscal Charges	5,138	5,138	0	0	0	0
Total Expenditures	4,695,907	4,478,963	216,944	443,254	389,637	53,617
Excess of Revenues Over (Under)						
Expenditures	(35,054)	183,337	218,391	(64,641)	(1,956)	62,685
Other Financing Sources (Uses):						
Other Financing Sources	500	0	(500)	0	0	0
Refund of Prior Year Expenditures	22,018	62,213	40,195	0	0	0
Refund of Prior Year Receipts	(24,500)	(23,480)	1,020	0	0	0
Operating Transfers - In	0	0	0	0	0	0
Operating Transfers - Out	(35,250)	(34,968)	282	0	0	0
Total Other Financing Sources (Uses)	(37,232)	3,765	40,997	0	0	0
Excess of Revenues and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	(72,286)	187,102	259,388	(64,641)	(1,956)	62,685
Fund Balances at Beginning of Year	263,844	263,844	0	84,337	84,337	0
Prior Year Encumbrances Appropriated	63,575	63,575	0	8,096	8,096	0
Fund Balances at End of Year	\$255,133	\$514,521	\$259,388	\$27,792	\$90,477	\$62,685

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$51,000	\$65,832	\$14,832	\$123,000	\$128,081	\$5,081	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
10,000	6,709	(3,291)	39,024	44,191	5,167	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
61,000	72,541	11,541	162,024	172,272	10,248	0	0	0
0	0	0	21,910	17,608	4,302	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	62,475	62,122	353	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	4,030	3,620	410	0	0	0
1,900	1,773	127	7,150	6,608	542	0	0	0
0	0	0	95,577	91,748	3,829	0	0	0
0	0	0	3,250	2,767	483	0	0	0
0	0	0	116	39	77	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,000	1,000	0
0	0	0	1,000	900	100	0	0	0
70,000	70,000	0	0	0	0	0	0	0
41,552	41,081	471	0	0	0	0	0	0
113,452	112,854	598	195,508	185,412	10,096	1,000	1,000	0
(52,452)	(40,313)	12,139	(33,484)	(13,140)	20,344	(1,000)	(1,000)	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
34,968	34,968	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
34,968	34,968	0	0	0	0	0	0	0
(17,484)	(5,345)	12,139	(33,484)	(13,140)	20,344	(1,000)	(1,000)	0
168,159	168,159	0	65,091	65,091	0	4,000	4,000	0
309	309	0	10,932	10,932	0	0	0	0
\$150,984	\$163,123	\$12,139	\$42,539	\$62,883	\$20,344	\$3,000	\$3,000	\$0

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Operating Revenues:	
Sales	<u>\$173,933</u>
Total Operating Revenues	<u>173,933</u>
Operating Expenses:	
Salaries and Wages	88,929
Fringe Benefits	26,184
Purchased Services	5,247
Supplies and Materials	13,046
Cost of Sales	123,783
Depreciation	<u>2,323</u>
Total Operating Expenses	<u>259,512</u>
Operating Loss	<u>(85,579)</u>
Non-Operating Revenues:	
Federal Donated Commodities	18,919
Interest	976
Federal and State Subsidies	<u>63,865</u>
Total Non-Operating Revenues	<u>83,760</u>
Net Loss	(1,819)
Retained Earnings at Beginning of Year-Restated (Note 3)	<u>34,990</u>
Retained Earnings at End of Year	<u><u>\$33,171</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Sales	\$173,600	\$174,157	\$557
Interest	450	976	526
Federal and State Subsidies	52,400	73,503	21,103
Total Revenues	<u>226,450</u>	<u>248,636</u>	<u>22,186</u>
Expenses:			
Salaries	88,683	87,933	750
Fringe Benefits	25,950	25,906	44
Purchased Services	6,375	5,247	1,128
Supplies and Materials	122,693	118,236	4,457
Other	50	0	50
Capital Outlay	3,600	1,428	2,172
Total Expenses	<u>247,351</u>	<u>238,750</u>	<u>8,601</u>
Excess of Revenues Over (Under) Expenses	(20,901)	9,886	13,585
Fund Equity at Beginning of Year	20,791	20,791	0
Prior Year Encumbrances Appropriated	6,318	6,318	0
Fund Equity at End of Year	<u>\$6,208</u>	<u>\$36,995</u>	<u>\$30,787</u>

See Accompanying Notes to the General Purpose Financial Statements

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$174,157
Cash Payments for Employee Services and Benefits	(113,709)
Cash Payments to Suppliers for Goods and Services	(122,899)
Net Cash Used For Operating Activities	(62,451)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	73,503
Net Cash Provided By Noncapital Financing Activities	73,503
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(1,229)
Net Cash Used For Capital and Related Financing Activities	(1,229)
Cash Flows from Investing Activities:	
Interest	976
Cash Flows Provided By Investing Activities	976
Net Increase in Cash and Cash Equivalents	10,799
Cash and Cash Equivalents Beginning of Year	27,109
Cash and Cash Equivalents End of Year	\$37,908
Reconciliation of Operating Loss to Net <u>Cash Used For Operating Activities:</u>	
Operating Loss	(\$85,579)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Depreciation	2,323
Donated Commodities Received	18,919
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	223
Increase in Inventory Held for Resale	(471)
Decrease in Inventory of Supplies and Materials	66
Increase in Accounts Payable	664
Increase in Accrued Wages and Benefits Payable	1,347
Increase in Compensated Absences Payable	378
Decrease in Intergovernmental Payable	(321)
Net Cash Used For Operating Activities	(\$62,451)

See Accompanying Notes to the General Purpose Financial Statements

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Tri-Village Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1972 through the consolidation of existing land areas and school districts. The District serves an area of approximately 82 square miles. It is located in Darke County, and includes all of the Village of New Madison and portions of Butler, Harrison, Liberty, Neave and Washington Townships. The District is staffed by 37 non-certificated employees, 56 certificated full-time teaching personnel and 3 administrative employees who provide services to 817 students and other community members. The District currently operates 2 instructional buildings and 1 administrative building.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Tri-Village Local School 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 for the organization. The District has no component units.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Village of New Madison - The village government of New Madison is a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association - The District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

The District is associated with four jointly governed organizations, one related organization, and one insurance purchasing pool. These organizations are discussed in Note 18 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association
- Darke County Schools' Professional Development Committee

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING Entity (Continued)

Related Organization:

New Madison Public Library

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tri-Village Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before December 5, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

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

2. Proprietary Fund Type:

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

Enterprise Funds

The enterprise funds are used to account for District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fiduciary Fund Types:

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

4. Account Groups:

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The District has no contributed capital. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Accounts receivable, in some instances, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned, and 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.

C. Budgetary Data

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

All funds, other than the agency fund, are legally required to be budgeted and appropriated. A portion of the Title III, Title VI-B, and EHA Preschool Grant special revenue funds' grant activity that is administered by the fiscal agent is also not budgeted by the District. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

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

2. Estimated Resources:

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than portions of the Title III, Title VI-B, and the EHA Preschool Grant special revenue funds, and the agency fund, consistent with statutory provisions.

4. Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

5. Lapsing of Appropriations:

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The balance of the grant activity administered by the fiscal agent is presented on the balance sheet as "cash and cash equivalents with fiscal agent" and represents deposits of the Darke County Educational Service Center.

During fiscal year 2000, investments were limited to STAR Ohio.

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

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 \$71,582 which includes \$25,617 assigned from other District funds. The Food Service Enterprise Fund also received interest of \$976 during fiscal year 2000.

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

E. 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 consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

F. Prepaid Items

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent unexpended revenues restricted for amounts required by statute to be set-aside by the District for the purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization.

H. Estimates

The preparation of the 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.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

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

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

J. Intergovernmental Revenues

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Textbook Subsidy
- Career Development
- Education Management Information Systems
- EHA Preschool Grant
- School Net/Schools on the Move
- Vocational Education
- Title III
- Title I
- Title VI
- Title VI-B
- Drug-Free Schools
- Professional Development Block Grant
- Ohio Reads
- Summer Intervention
- Safe School Helpline
- Reducing Class Size

Capital Projects Funds

- School Net
- School Net Plus
- Technology Equity
- Video Distance Learning

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- E-rate

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 57 percent of governmental fund revenue during the 2000 fiscal year.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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. The District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the District.

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

L. 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, compensated absences and pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have been paid using current available financial resources. General obligation bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

M. Interfund Transactions

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

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 of supplies and materials, property taxes, textbooks/instructional materials, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations 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.

O. Total Columns on General Purpose Financial Statements

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

3. RESTATEMENT

Retained earnings in the enterprise funds was restated from the prior year. Fixed assets were understated, therefore, retained earnings increased \$3,141, from \$31,849 to \$34,990.

4. ACCOUNTABILITY

At June 30, 2000, the Education Management Information Systems, Ohio Reads, and Title I Special Revenue Funds had deficit fund balances of \$24, \$15, and \$1,123, respectively. The deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

5. BUDGETARY BASIS OF ACCOUNTING

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent are included in the special revenue funds for GAAP reporting purposes (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$383,722	(\$21,242)	(\$3,308)	(\$279)	\$0
Revenue Accruals	34,155	70,605	(2,037)	(4,796)	0
Expenditure Accruals	18,087	(32,737)	0	(2,365)	0
Prepaid Items	(344)	0	0	0	0
Non-budgeted Activity	0	2,054	0	0	0
Encumbrances	(248,518)	(20,636)	0	(5,700)	(1,000)
Budget Basis	<u>\$187,102</u>	<u>(\$1,956)</u>	<u>(\$5,345)</u>	<u>(\$13,140)</u>	<u>(\$1,000)</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Loss/Excess of Revenues Over Expenses
All Enterprise Funds

GAAP Basis	(\$1,819)
Revenue Accruals	9,862
Expense Accruals	1,257
Inventory of Supplies and Materials	(66)
Inventory Held for Resale	471
Acquisition of Capital Assets	(1,229)
Depreciation Expense	2,323
Encumbrances	<u>(913)</u>
Budget Basis	<u><u>\$9,886</u></u>

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

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

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

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

Cash on Hand: At fiscal year end, the District had \$1,805 in undeposited cash on hand which is included on the balance sheet of the District as part of "equity in pooled cash and cash equivalents".

The grant money that is held by the Darke County Educational Service Center of \$8,047 that is shown on the balance sheet as "cash and cash equivalents with fiscal agent" is not classified below. Information on the classification of these monies can be obtained through the Darke County Educational Service Center.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

6. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$35,488 and the bank balance was \$169,054. Of the bank balance, \$100,000 was covered by federal depository insurance and \$69,054 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal 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 which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form and has a carrying and fair value of \$1,143,494.

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 Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash 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	\$1,188,834	\$0
Cash on Hand	(1,805)	0
Cash with Fiscal Agent	(8,047)	0
Investments of the Cash Management Pool:		
STAR Ohio	(1,143,494)	1,143,494
GASB Statement 3	\$35,488	\$1,143,494

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

7. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

The 2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

The 2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$131,395 in the General Fund, \$7,030 in the Bond Retirement Debt Service Fund, and \$11,339 in the Permanent Improvement Capital Projects Fund.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

7. PROPERTY TAXES (Continued)

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$39,699,540	74.46%	\$50,769,250	73.10%
Personal Property - Public Utility	10,589,540	19.86%	15,614,360	22.48%
Tangible Personal Property	3,026,540	5.68%	3,064,600	4.42%
Total Assessed Value	<u>\$53,315,620</u>	<u>100.00%</u>	<u>\$69,448,210</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$31.83		\$31.75	

8. INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund. In May 1999, the voters of the District approved an increase of one-half percent for a total continuing income tax of one and one-half percent.

9. RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

10. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$76,206
Less Accumulated Depreciation	(58,502)
Net Fixed Assets	<u>\$17,704</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

10. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$52,676	\$0	\$0	\$52,676
Buildings and Improvements	2,462,156	100,742	0	2,562,898
Furniture, Fixtures and Equipment	1,068,932	118,085	10,744	1,176,273
Vehicles	672,971	135,383	29,777	778,577
Totals	<u>\$4,256,735</u>	<u>\$354,210</u>	<u>\$40,521</u>	<u>\$4,570,424</u>

There was no significant construction in progress at June 30, 2000.

11. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted with Cincinnati Insurance Company for building and contents, boiler and machinery and crime; New Madison Insurance Company for automobile; and Harcum-Hyre Insurance Agency, Inc. for general liability.

Building and Contents-replacement cost (\$1,000 deductible)	\$11,429,496
Boiler and Machinery (\$1,000 deductible)	500,000
Crime Insurance	2,500
Contractors' Equipment Coverage	7,140
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000
Fire Damage	100,000
Medical Expense	5,000

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

11. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 2000, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald provides administrative, cost control, and actuarial services to the GRP.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$28,330, \$47,745, and \$67,914, respectively; 31 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$19,588 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.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$135,489, \$111,694, and \$281,160, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$21,895 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, 2 members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board members contribute to SERS.

13. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$180,651 for fiscal year 2000.

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

13. POSTEMPLOYMENT BENEFITS (Continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$54,906.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for classified and 256 days for certified employees. Upon retirement, employees with fifteen years or more service with the District receive payment for one-fourth of accrued, but unused sick leave credit to a maximum of 57.5 days for classified employees and 64 days for certified employees.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Core Source, Inc. Medical/surgical benefits are provided through Anthem. Vision insurance is provided through Vision Service Plan. Dental insurance is provided through CoreSource, Inc.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

15. CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2000, the District entered into capitalized leases for copiers and computer equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts, "capital outlay" and "inception of capital lease" in the fund making the lease payment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements in the general fund. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of copiers and computer equipment that have been capitalized in the general fixed assets account group in the amount of \$95,970. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$8,880 in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	Total
2001	\$36,096
2002	36,096
2003	24,695
Total	96,887
Less: Amount Representing Interest	(9,797)
Total	<u>\$87,090</u>

16. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 2000 were as follows:

	Amount Outstanding 6/30/99	Additions	Deductions	Amount Outstanding 6/30/00
School Improvement Bond 1988 7.25%	\$510,000	\$0	\$40,000	\$470,000
Bus Acquisition Bond 1997 5.2-5.35%	94,000	0	30,000	64,000
Energy Conservation Loan 1992 6.85%	80,000	0	20,000	60,000
Total Long-Term Bonds and Loans	684,000	0	90,000	594,000
Capital Leases Payable	0	95,970	8,880	87,090
Intergovernmental Payable	40,088	43,897	40,088	43,897
Compensated Absences	326,545	715	0	327,260
Total General Long-Term Obligations	<u>\$1,050,633</u>	<u>\$140,582</u>	<u>\$138,968</u>	<u>\$1,052,247</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

16. LONG-TERM OBLIGATIONS (Continued)

The School Improvement Bonds were issued February 1, 1988, for the purpose of school improvements. The bonds will mature December 1, 2010, and will be retired from the Bond Retirement Debt Service Fund.

The Bus Acquisition Bonds were issued June 1, 1997, for the purpose of acquiring buses. The bonds will mature April 15, 2002, and will be retired from the Bond Retirement Debt Service Fund.

The Energy Conservation Loan was issued August 1, 1992, for the purpose of making energy conservation improvements. The loan will mature December 1, 2002, and will be retired from the General Fund.

Capital leases payable will be paid from the general fund. The intergovernmental payable represents contractually required pension contributions paid outside the available period. Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid.

The District's overall legal debt margin was \$5,950,492, the energy conservation debt margin was \$565,034 and the unvoted debt margin of \$69,448 at June 30, 2000. Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$91,000	\$39,786	\$130,786
2002	98,000	33,888	131,888
2003	55,000	27,339	82,339
2004	40,000	23,925	63,925
2005	40,000	21,025	61,025
2006-2010	225,000	57,093	282,093
2011	45,000	1,631	46,631
Total	\$594,000	\$204,687	\$798,687

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of Food Service and Uniform School Supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Tri-Village Local School District as of and for the fiscal year ended June 30, 2000.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$135,407	\$38,526	\$173,933
Depreciation Expense	2,323	0	2,323
Operating Income (Loss)	(86,359)	780	(85,579)
Federal Donated Commodities	18,919	0	18,919
Interest	976	0	976
Federal and State Subsidies	63,865	0	63,865
Net Income (Loss)	(2,599)	780	(1,819)
Fixed Assets Additions	1,229	0	1,229
Net Working Capital	14,251	13,621	27,872
Total Assets	55,033	13,821	68,854
Long-Term Compensated Absences Payable	6,268	0	6,268
Long-Term Intergovernmental Payable	6,137	0	6,137
Total Equity	19,550	13,621	33,171
Encumbrances Outstanding at June 30, 2000	708	205	913

18. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The Tri-Village Local School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. Payments to MDECA are made from the General Fund. During fiscal year 2000, the District paid \$8,282 to MDECA. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

**18. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE
PURCHASING POOL (Continued)**

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2000, the District paid \$2,416 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools of institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 2000, the District paid \$2,783 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, 150 East Sixth Street, Franklin, Ohio 45005.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

18. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE PURCHASING POOL (Continued)

Darke County Schools' Professional Development Committee - The Darke County Schools' Professional Development Committee (PDC) is a committee established by Senate Bill 230. The purpose of the PDC is to review the course work and other professional development activities completed by educators within the district for renewal of certificates of licenses. Membership is open to all schools within Darke County, including the Darke County MRDD. The Executive Committee is comprised of a chairperson, vice-chairperson, recorder/clerk, member Superintendent, County Superintendent, chairperson of each subcommittee, and any other person that the committee deems necessary to make sure that every member school district has at least one person on the Executive Committee. The County Superintendent is the only non-voting member. The overall committee structure shall be such that teachers shall comprise the majority of the positions within the committees. There are no fees or charges to be paid by the member school districts. No contributions were made to the PDC during fiscal year 2000.

B. Related Organization

New Madison Public Library - The New Madison 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 Tri-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. No contributions were made to the New Madison Public Library during fiscal year 2000. Financial information can be obtained from the New Madison Public Library, Kathryn Williams, Clerk/Treasurer, at 142 South Main Street, New Madison, Ohio 45346-0032.

C. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The Educational Service Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

19. SCHOOL FUNDING COURT 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 \$2,593,324 of school foundation support for its General Fund.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

19. SCHOOL FUNDING COURT DECISION (Continued)

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provides money to build schools and furnish classrooms. The District has been approved to participate in the program; however, have not received any funds as of June 30, 2000.

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 has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. 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.

20. CONTINGENCIES

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

21. SET-ASIDE CALCULATIONS

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.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

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

21. SET-ASIDE CALCULATIONS (Continued)

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

	<u>Budget Stabilization Reserve</u>	<u>Capital Improvements Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>	<u>Totals</u>
Set-aside Reserve Balance as of June 30, 1999	\$20,981	\$0	\$10,876	\$31,857
Current Year Set-aside Requirement	32	92,388	92,388	184,808
Offsets	0	(112,081)	(16,000)	(128,081)
Qualifying Disbursements	0	0	(55,490)	(55,490)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$21,013</u>	<u>(\$19,693)</u>	<u>\$31,774</u>	<u>\$33,094</u>
Set-aside Reserve Balance as of June 30, 2000	\$21,013	\$0	\$31,774	\$52,787

The District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$52,787.

22. SUBSEQUENT EVENT

On July 20, 2000, the District took delivery of two modular units. The District entered into a lease for the modular units. The fair market value of the modular units are \$65,778 and \$66,466. The lease is payable in monthly installments of \$2,586 with the final payment due August 15, 2003.

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**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$300,450	\$92,433	\$168,469	\$76,023
Cash and Cash Equivalents with Fiscal Agent	0	25,139	0	0
Receivables:				
Property and Other Taxes	1,088,638	0	56,304	116,933
Income Taxes	192,226	0	0	0
Accounts	23,651	0	0	0
Intergovernmental	6,887	15,038	0	0
Accrued Interest	2,030	0	0	0
Prepaid Items	12,063	0	0	0
Inventory Held for Resale	0	0	0	0
Inventory of Supplies and Materials	7,000	0	0	0
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	30,630	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$1,663,575</u>	<u>\$132,610</u>	<u>\$224,773</u>	<u>\$192,956</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$8,714	\$1,421	\$0	\$3,401
Accrued Wages and Benefits Payable	366,590	9,555	0	0
Compensated Absences Payable	7,335	0	0	0
Intergovernmental Payable	119,916	1,352	0	0
Deferred Revenue	890,418	0	51,312	110,390
Due to Students	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>1,392,973</u>	<u>12,328</u>	<u>51,312</u>	<u>113,791</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	59,312	6,729	309	8,104
Reserved for Inventory of Supplies and Materials	7,000	0	0	0
Reserved for Property Taxes	143,477	0	0	0
Reserved for Textbooks/Instructional Materials	10,876	0	0	0
Reserved for Budget Stabilization	19,754	0	0	0
Designated for Budget Stabilization	1,227	0	0	0
Unreserved, Undesignated	28,956	113,553	173,152	71,061
Total Fund Equity and Other Credits	<u>270,602</u>	<u>120,282</u>	<u>173,461</u>	<u>79,165</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,663,575</u>	<u>\$132,610</u>	<u>\$224,773</u>	<u>\$192,956</u>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$27,108	\$45,119	\$0	\$0	\$709,602
0	0	0	0	25,139
0	0	0	0	1,261,875
0	0	0	0	192,226
5,371	0	0	0	29,022
9,638	0	0	0	31,563
0	0	0	0	2,030
0	0	0	0	12,063
7,058	0	0	0	7,058
628	0	0	0	7,628
0	0	0	0	30,630
15,657	0	4,256,735	0	4,272,392
0	0	0	173,461	173,461
0	0	0	877,172	877,172
<u>\$65,460</u>	<u>\$45,119</u>	<u>\$4,256,735</u>	<u>\$1,050,633</u>	<u>\$7,631,861</u>
\$0	\$0	\$0	\$0	\$13,536
13,266	0	0	0	389,411
5,890	0	0	326,545	339,770
8,708	0	0	40,088	170,064
5,747	0	0	0	1,057,867
0	41,119	0	0	41,119
0	0	0	80,000	80,000
0	0	0	604,000	604,000
<u>33,611</u>	<u>41,119</u>	<u>0</u>	<u>1,050,633</u>	<u>2,695,767</u>
0	0	4,256,735	0	4,256,735
31,849	0	0	0	31,849
0	0	0	0	74,454
0	0	0	0	7,000
0	0	0	0	143,477
0	0	0	0	10,876
0	0	0	0	19,754
0	0	0	0	1,227
0	4,000	0	0	390,722
<u>31,849</u>	<u>4,000</u>	<u>4,256,735</u>	<u>0</u>	<u>4,936,094</u>
<u>\$65,460</u>	<u>\$45,119</u>	<u>\$4,256,735</u>	<u>\$1,050,633</u>	<u>\$7,631,861</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$1,111,078	\$0	\$55,025	\$108,044	\$0	\$1,274,147
Income Taxes	577,382	0	0	0	0	577,382
Tuition and Fees	111,375	0	0	0	0	111,375
Interest	56,800	0	0	0	0	56,800
Intergovernmental	2,642,008	185,963	11,184	160,886	0	3,000,041
Extracurricular Activities	0	137,527	0	0	0	137,527
Gifts and Donations	0	6,240	0	0	0	6,240
Rent	500	0	0	0	0	500
Miscellaneous	6,371	876	0	3,767	0	11,014
Total Revenues	4,505,514	330,606	66,209	272,697	0	5,175,026
Expenditures:						
Current:						
Instruction:						
Regular	1,965,711	14,282	0	86,524	0	2,066,517
Special	444,110	62,085	0	84	0	506,279
Vocational	106,942	0	0	0	0	106,942
Other	1,831	0	0	0	0	1,831
Support Services:						
Pupils	128,513	5,896	0	0	0	134,409
Instructional Staff	164,696	44,947	0	9,885	0	219,528
Board of Education	6,683	0	0	0	0	6,683
Administration	359,358	0	0	2,385	0	361,743
Fiscal	137,087	0	1,292	2,694	0	141,073
Operation and Maintenance of Plant	306,931	0	0	163,593	0	470,524
Pupil Transportation	381,708	6,185	0	600	0	388,493
Central	8,926	4,416	0	9,544	0	22,886
Operation of Non-Instructional Services	0	852	0	0	0	852
Extracurricular Activities	77,823	126,479	0	0	1,000	205,302
Capital Outlay	0	0	0	360,666	0	360,666
Debt Service:						
Principal Retirement	20,000	0	68,000	0	0	88,000
Interest and Fiscal Charges	6,508	0	45,445	0	0	51,953
Total Expenditures	4,116,827	265,142	114,737	635,975	1,000	5,133,681
Excess of Revenues Over (Under) Expenditures	388,687	65,464	(48,528)	(363,278)	(1,000)	41,345
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	35,000	0	35,000
Operating Transfers - In	0	0	34,438	331	0	34,769
Operating Transfers - Out	(34,769)	0	0	0	0	(34,769)
Total Other Financing Sources (Uses)	(34,769)	0	34,438	35,331	0	35,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	353,918	65,464	(14,090)	(327,947)	(1,000)	76,345
Fund Balances (Deficit)						
at Beginning of Year - Restated (Note 3)	(86,080)	54,818	187,551	407,112	5,000	568,401
Increase in Reserve for Inventory	2,764	0	0	0	0	2,764
Fund Balances at End of Year	\$270,602	\$120,282	\$173,461	\$79,165	\$4,000	\$647,510

See Accompanying Notes to the General Purpose Financial Statements

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**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$977,821	\$977,825	\$4	\$0	\$0	\$0
Income Tax	540,000	551,183	11,183	0	0	0
Tuition and Fees	31,000	93,361	62,361	0	0	0
Interest	48,500	52,746	4,246	0	0	0
Intergovernmental	2,791,742	2,746,661	(45,081)	153,291	147,797	(5,494)
Extracurricular Activities	0	0	0	123,627	135,879	12,252
Gifts and Donations	0	0	0	6,226	6,240	14
Rent	500	500	0	0	0	0
Miscellaneous	1,000	1,345	345	476	876	400
Total Revenues	4,390,563	4,423,621	33,058	283,620	290,792	7,172
Expenditures:						
Current:						
Instruction:						
Regular	2,036,125	2,029,769	6,356	15,354	14,560	794
Special	461,018	441,280	19,738	95,951	61,237	34,714
Vocational	131,444	124,976	6,468	0	0	0
Other	2,000	1,831	169	0	0	0
Support Services:						
Pupils	136,656	127,138	9,518	1,315	143	1,172
Instructional Staff	182,966	166,067	16,899	52,378	59,797	(7,419)
Board of Education	7,795	6,683	1,112	0	0	0
Administration	384,138	359,073	25,065	0	0	0
Fiscal	144,345	139,251	5,094	0	0	0
Operation and Maintenance of Plant	337,672	317,289	20,383	0	0	0
Pupil Transportation	428,938	400,308	28,630	7,500	6,159	1,341
Central	11,377	8,831	2,546	5,000	5,000	0
Operation of Non-Instructional Services						
Services	0	0	0	1,670	877	793
Extracurricular Activities	83,320	76,077	7,243	156,695	132,167	24,528
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	20,000	20,000	0	0	0	0
Interest and Fiscal Charges	6,508	6,508	0	0	0	0
Total Expenditures	4,374,302	4,225,081	149,221	335,863	279,940	55,923
Excess of Revenues Over (Under) Expenditures	16,261	198,540	182,279	(52,243)	10,852	63,095
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	500	500	0	0	0	0
Refund of Prior Year Expenditures	4,479	4,674	195	0	0	0
Advances - In	43,000	43,000	0	0	0	0
Advances - Out	(43,000)	(43,000)	0	0	0	0
Operating Transfers - In	0	0	0	0	0	0
Operating Transfers - Out	(34,778)	(34,769)	9	0	0	0
Total Other Financing Sources (Uses)	(29,799)	(29,595)	204	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(13,538)	168,945	182,483	(52,243)	10,852	63,095
Fund Balances at Beginning of Year	19,960	19,960	0	61,760	61,760	0
Prior Year Encumbrances Appropriated	74,940	74,940	0	11,725	11,725	0
Fund Balances at End of Year	\$81,362	\$263,845	\$182,483	\$21,242	\$84,337	\$63,095

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$52,841	\$53,008	\$167	\$113,000	\$109,269	(\$3,731)	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
6,000	11,184	5,184	138,285	160,886	22,601	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>58,841</u>	<u>64,192</u>	<u>5,351</u>	<u>251,285</u>	<u>270,155</u>	<u>18,870</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	87,326	86,765	561	0	0	0
0	0	0	500	84	416	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	12,309	9,885	2,424	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	2,386	2,385	1	0	0	0
1,350	1,292	58	2,700	2,694	6	0	0	0
0	0	0	173,821	172,153	1,668	0	0	0
0	0	0	700	650	50	0	0	0
0	0	0	9,800	9,684	116	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	2,000	1,000	1,000
0	0	0	431,315	429,686	1,629	0	0	0
68,550	68,000	550	0	0	0	0	0	0
45,763	45,755	8	0	0	0	0	0	0
<u>115,663</u>	<u>115,047</u>	<u>616</u>	<u>720,857</u>	<u>713,986</u>	<u>6,871</u>	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>
(56,822)	(50,855)	5,967	(469,572)	(443,831)	25,741	(2,000)	(1,000)	1,000
0	0	0	35,000	35,000	0	0	0	0
0	0	0	2,500	3,767	1,267	0	0	0
0	0	0	43,000	43,000	0	0	0	0
0	0	0	(43,000)	(43,000)	0	0	0	0
34,438	34,438	0	0	331	331	0	0	0
0	0	0	0	0	0	0	0	0
<u>34,438</u>	<u>34,438</u>	<u>0</u>	<u>37,500</u>	<u>39,098</u>	<u>1,598</u>	<u>0</u>	<u>0</u>	<u>0</u>
(22,384)	(16,417)	5,967	(432,072)	(404,733)	27,339	(2,000)	(1,000)	1,000
184,576	184,576	0	54,320	54,320	0	5,000	5,000	0
0	0	0	415,504	415,504	0	0	0	0
<u>\$162,192</u>	<u>\$168,159</u>	<u>\$5,967</u>	<u>\$37,752</u>	<u>\$65,091</u>	<u>\$27,339</u>	<u>\$3,000</u>	<u>\$4,000</u>	<u>\$1,000</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Operating Revenues:	
Sales	\$171,465
Total Operating Revenues	<u>171,465</u>
Operating Expenses:	
Salaries and Wages	85,222
Fringe Benefits	26,199
Purchased Services	3,409
Supplies and Materials	8,076
Cost of Sales	124,932
Other	22
Depreciation	2,323
Total Operating Expenses	<u>250,183</u>
Operating Loss	<u>(78,718)</u>
Non-Operating Revenues:	
Federal Donated Commodities	21,073
Interest	483
Federal and State Subsidies	62,270
Total Non-Operating Revenues	<u>83,826</u>
Net Income	5,108
Retained Earnings at Beginning of Year	<u>26,741</u>
Retained Earnings at End of Year	<u><u>\$31,849</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$165,040	\$171,220	\$6,180
Interest	0	483	483
Federal and State Subsidies	59,500	52,632	(6,868)
Total Revenues	224,540	224,335	(205)
Expenses:			
Salaries	85,616	85,308	308
Fringe Benefits	24,113	24,751	(638)
Purchased Services	5,372	4,334	1,038
Supplies and Materials	126,529	119,363	7,166
Other	22	22	0
Capital Outlay	6,644	4,266	2,378
Total Expenses	248,296	238,044	10,252
Excess of Revenues Under Expenses	(23,756)	(13,709)	10,047
Fund Equity at Beginning of Year	26,981	26,981	0
Prior Year Encumbrances Appropriated	7,517	7,517	0
Fund Equity at End of Year	\$10,742	\$20,789	\$10,047

See Accompanying Notes to the General Purpose Financial Statements

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	ENTERPRISE
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$171,220
Cash Payments for Employee Services and Benefits	(110,059)
Cash Payments to Suppliers for Goods and Services	(121,067)
Net Cash Used In Operating Activities	(59,906)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	52,632
Net Cash Provided By Noncapital Financing Activities	52,632
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(600)
Net Cash Used In Capital and Related Financing Activities	(600)
Cash Flows from Investing Activities:	
Interest	483
Cash Flows Provided By Investing Activities	483
Net Decrease in Cash and Cash Equivalents	(7,391)
Cash and Cash Equivalents Beginning of Year	34,499
Cash and Cash Equivalents End of Year	\$27,108
Reconciliation of Operating Loss to Net Cash Used In Operating Activities:	
<u>Operating Loss</u>	(\$78,718)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	2,323
Donated Commodities Received	21,073
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(245)
Decrease in Prepaid Items	940
Decrease in Inventory Held for Resale	537
Decrease in Supplies and Materials Inventory	262
Decrease in Accounts Payable	(6,300)
Increase in Accrued Wages and Benefits Payable	41
Decrease in Compensated Absences Payable	(89)
Increase in Intergovernmental Payable	270
Net Cash Used In Operating Activities	(\$59,906)

See Accompanying Notes to the General Purpose Financial Statements

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Tri-Village Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1972 through the consolidation of existing land areas and school districts. The District serves an area of approximately 82 square miles. It is located in Darke County, and includes all of the Village of New Madison and portions of Butler, Harrison, Liberty, Neave and Washington Townships. The District is staffed by 34 non-certificated employees, 55 certificated full-time teaching personnel and 3 administrative employees who provide services to 844 students and other community members. The District currently operates 2 instructional buildings, 1 administrative building, and 1 garage.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Tri-Village Local School 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 for the organization. The District has no component units.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Village of New Madison - The village government of New Madison is a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

Parent Teacher Association - The District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

The District is associated with four jointly governed organizations, one related organization, and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

Jointly Governed Organizations:

Metropolitan Dayton Educational Cooperative Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association
Darke County Schools' Professional Development Committee

Related Organization:

New Madison Public Library

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council's Workers' Compensation Group Rating Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tri-Village Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before December 5, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

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

Special Revenue Funds

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds

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

2. Proprietary Fund Type:

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

Enterprise Funds

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

3. Fiduciary Fund Types:

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups:

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The District has no contributed capital. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned, and 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.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The Eisenhower, Title VI-B, Title VI-B Early Childhood, Drug Free School and Transition Funding special revenue funds' grant activity that is administered by the fiscal agent is also not budgeted by the District. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

3. Appropriations:

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than portions of the Eisenhower, Title VI-B Early Childhood, Drug Free School, and Transition Funding special revenue funds, and the agency fund, consistent with statutory provisions.

4. Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Lapsing of Appropriations:

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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The balance of the grant activity administered by the fiscal agent is presented on the balance sheet as "cash and cash equivalents with fiscal agent" and represents deposits of the Darke County Educational Service Center.

During fiscal year 1999, investments were limited to STAR Ohio.

STAR Ohio (State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to \$56,800 which includes \$29,135 assigned from other District funds. The Food Service Enterprise Fund also received interest of \$483 during fiscal year 1999.

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

E. 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 consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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.

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended reserves required to be set-aside by the District for the purchase of textbooks and to create a budget reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

H. Estimates

The preparation of the 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 could differ from those estimates.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

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

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

J. Intergovernmental Revenues

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

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

- Textbook Subsidy
- Career Development
- Education Management Information Systems
- EHA Preschool Grant
- School Net/Schools on the Move
- Vocational Education
- Eisenhower Grant
- Title I
- Title VI
- Title VI-B
- Drug-Free Schools
- Professional Development Block Grant

Capital Projects Funds

- School Net
- School Net Plus
- Technology Equity
- Video Distance Learning

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- E-rate

Capital Projects Fund

- Emergency Repair

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 58 percent of governmental fund revenue during the 1999 fiscal year.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The District records a liability for accumulated unused sick leave for classified employees after fifteen years of current service with the District and for certified employees and administrators after fifteen years of service.

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

L. 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, compensated absences and pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have been paid using current available financial resources. General obligation bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

M. Interfund Transactions

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

N. 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 of supplies and materials, property taxes, textbook/instructional materials, and budget stabilization.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District designates fund balance to indicate tentative planned expenditures of financial resources. The designations reflect the District's intentions, are subject to change and are reported as part of unreserved fund balance. A fund designation has been established for budget stabilization. The designation for budget stabilization represents money set-aside for budget stabilization in excess of statutory requirements.

O. Total Columns on General Purpose Financial Statements

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

3. RESTATEMENT OF FUND BALANCE

Fund balance in the special revenue funds was restated from prior year. Cash with the fiscal agent for grants that the Darke County Educational Service Center administers on behalf of the District was omitted from the prior year's report. Fund balance has been restated \$10,115, from \$44,703 to \$54,818. Retained earnings in the enterprise funds was restated from the prior year. Accounts receivable were overstated due to an allowance for doubtful accounts. Retained earnings has been restated by (\$15,625), from \$42,366 to \$26,741.

4. ACCOUNTABILITY AND COMPLIANCE

At June 30, 1999, the Title I Special Revenue Fund had a deficit fund balance of \$10,653. The deficit was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The following funds had expenditures plus encumbrances in excess of appropriations:

General Fund	
Regular Instruction - Salaries	\$18,705
Support Services - Fiscal	215
Special Revenue Funds:	
Athletic Fund:	
Extracurricular Activities	
Sports Oriented Activities - Capital Outlay - New	88
Title VI-B Fund	
Support Services	
Instructional Services - Purchased Services	15,000
Enterprise Fund:	
Food Service - Fringe Benefits	638

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The District does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets. However, the activities of the fiscal agent are included in the special revenue funds for GAAP reporting purposes.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$353,918	\$65,464	(\$14,090)	(\$327,947)	(\$1,000)
Revenue Accruals	(76,720)	(6,772)	(2,017)	1,225	0
Expenditure Accruals	(44,678)	(14,805)	0	(67,079)	0
Non-budgeted Activity	0	(24,939)	0	0	0
Encumbrances	(63,575)	(8,096)	(310)	(10,932)	0
Budget Basis	<u>\$168,945</u>	<u>\$10,852</u>	<u>(\$16,417)</u>	<u>(\$404,733)</u>	<u>(\$1,000)</u>

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Under Expenses All Enterprise Funds	
GAAP Basis	\$5,108
Revenue Accruals	(9,883)
Expense Accruals	(2,599)
Materials and Supplies Inventory	(262)
Inventory Held for Resale	(537)
Prepaid Items	(940)
Capital Outlay	(600)
Depreciation Expense	2,323
Encumbrances	<u>(6,319)</u>
Budget Basis	<u><u>(\$13,709)</u></u>

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

The grant money that is held by the Darke County Educational Service Center of \$25,139 that is shown on the balance sheet as "cash and cash equivalents with fiscal agent" is not classified below. Information on the classification of these monies can be obtained through the Darke County Educational Service Center.

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$19,557 and the bank balance was \$119,026. Of the bank balance, \$100,000 was covered by federal depository insurance and \$19,026 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Investments: The District's investments are categorized to give an indication of the level of risk assumed by the District at fiscal 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 which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form and has a carrying and fair value of \$720,675.

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 Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash 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	\$765,371	\$0
Investments of the Cash Management Pool:		
Cash with Fiscal Agent	(25,139)	0
STAR Ohio	(720,675)	720,675
GASB Statement 3	\$19,557	\$720,675

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

The 1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

7. PROPERTY TAXES (Continued)

The 1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$143,477 in the General Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$38,959,520	73.29%	\$39,699,540	74.46%
Personal Property - Public Utility	11,304,820	21.27%	10,589,540	19.86%
Tangible Personal Property	2,890,290	5.44%	3,026,540	5.68%
Total Assessed Value	<u>\$53,154,630</u>	<u>100.00%</u>	<u>\$53,315,620</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.63		\$31.83	

8. INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund. In May 1999, the voters of the District approved an increase of one-half percent for a total continuing income tax of one and one-half percent.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

9. RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Drivers Education	\$200
SBH Bus Reimbursement	6,611
Title II-B Reimbursement	76
Total General Fund	6,887
Special Revenue Fund	
Title VI-B	15,038
Enterprise Fund	
National School Lunch	9,638
Total Intergovernmental Receivables	\$31,563

10. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$74,977
Less Accumulated Depreciation	(59,320)
Net Fixed Assets	\$15,657

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$52,676	\$0	\$0	\$52,676
Buildings and Improvements	2,218,246	412,548	168,638	2,462,156
Furniture, Fixtures and Equipment	911,018	162,764	4,850	1,068,932
Vehicles	616,848	56,123	0	672,971
Totals	\$3,798,788	\$631,435	\$173,488	\$4,256,735

There was no significant construction in progress at June 30, 1999.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

11. RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with Cincinnati Insurance Company for building and contents, boiler and machinery and crime; R.B. Cox Agency, Inc. for automobile; and Harcum-Hyre Insurance Agency, Inc. for general liability.

Building and Contents-replacement cost (\$1,000 deductible)	\$13,292,307
Boiler and Machinery (\$1,000 deductible)	500,000
Crime Insurance	2,500
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

B. Workers' Compensation

For fiscal year 1999, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Incorporated, provides administrative, cost control, and actuarial services to the GRP.

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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 District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$47,745, \$67,914 and \$91,467, respectively; 37.39 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$29,895 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$111,694 \$281,160 and \$319,108, respectively; 80.20 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$22,114 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid. The remaining Board members contribute to SERS.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

13. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the District, this amount equaled \$148,926 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to 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 basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$49,182.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for classified and 256 days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for classified employees and 57.5 days for certified employees.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Core Source, Inc. Medical/surgical benefits are provided through Anthem. Vision insurance is provided through Vision Service Plan.

15. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 1999 were as follows:

	Amount Outstanding 6/30/98	Additions	Deductions	Amount Outstanding 6/30/99
School Improvement Bond 1988 7.25%	\$550,000	\$0	\$40,000	\$510,000
Bus Acquisition Bond 1997 5.2-5.35%	122,000	0	28,000	94,000
Energy Conservation Loan 1992 6.85%	100,000	0	20,000	80,000
Total Long-Term Bonds and Loans	772,000	0	88,000	684,000
Intergovernmental Payable	38,937	40,088	38,937	40,088
Compensated Absences	381,469	0	54,924	326,545
Total General Long-Term Obligations	\$1,192,406	\$40,088	\$181,861	\$1,050,633

The School Improvement Bonds were issued February 1, 1988, for the purpose of school improvements. The bonds will mature December 1, 2010, and will be retired from the Bond Retirement Debt Service Fund.

The Bus Acquisition Bonds were issued June 1, 1997, for the purpose of acquiring buses. The bonds will mature April 15, 2002, and will be retired from the Bond Retirement Debt Service Fund.

The Energy Conservation Loan was issued August 1, 1992, for the purpose of making energy conservation improvements. The loan will mature December 1, 2002, and will be retired from the General Fund.

The intergovernmental payable represents contractually required pension contributions paid outside the available period. Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

The District's overall legal debt margin was \$4,461,867, the energy conservation debt margin was \$4,982,092 and the unvoted debt margin of \$53,316 at June 30, 1999. Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$90,000	\$45,630	\$135,630
2001	91,000	39,786	130,786
2002	98,000	33,888	131,888
2003	55,000	27,339	82,339
2004	40,000	23,925	63,925
2004-2008	220,000	73,225	293,225
2009-2011	90,000	6,525	96,525
Total	<u>\$684,000</u>	<u>\$250,318</u>	<u>\$934,318</u>

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of Food Service and Uniform School Supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Tri-Village Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$132,956	\$38,509	\$171,465
Operating Expenses less Depreciation	212,879	34,981	247,860
Depreciation Expense	2,323	0	2,323
Operating Income (Loss)	(82,246)	3,528	(78,718)
Donated Commodities	21,073	0	21,073
Interest	483	0	483
Federal and State Subsidies	62,270	0	62,270
Net Income	1,580	3,528	5,108
Fixed Assets Additions	600	0	600
Net Working Capital	15,508	12,840	28,348
Total Assets	52,620	12,840	65,460
Long-Term Compensated Absences Payable	5,890	0	5,890
Long-Term Intergovernmental Payable	6,266	0	6,266
Total Equity	19,009	12,840	31,849
Encumbrances Outstanding at June 30, 1999	6,319	0	6,319

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE PURCHASING POOL

A. Jointly Governed Organizations

Metropolitan Dayton Educational Cooperative Association - The Tri-Village Local School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. Payments to MDECA are made from the General Fund. During fiscal year 1999, the School District paid \$13,538 to MDECA. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 1999, the District paid \$12,120 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools of institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. All superintendents except for those form educational service centers vote on the representatives after nominating committee nominates individuals to run. One at-large non-public representative is elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS, RELATED ORGANIZATION, AND INSURANCE PURCHASING POOL (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 1999, the District paid \$2,159 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, 150 East Sixth Street, Franklin, Ohio 45005.

Darke County Schools' Professional Development Committee - The Darke County Schools' Professional Development Committee (PDC) is a committee established by Senate Bill 230. The purpose of the PDC is to review the course work and other professional development activities completed by educators within the district for renewal of certificates of licenses. Membership is open to all schools within Darke County, including the Darke County MRDD. The Executive Committee is comprised of a chairperson, vice-chairperson, recorder/clerk, member Superintendent, County Superintendent, chairperson of each subcommittee, and any other person that the committee deems necessary to make sure that every member school district has at least one person on the Executive Committee. The County Superintendent is the only non-voting member. The overall committee structure shall be such that teachers shall comprise the majority of the positions within the committees. There are no fees or charges to be paid by the member school districts. No contributions were made to the PDC during fiscal year 1999.

B. Related Organization

New Madison Public Library - The New Madison 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 Tri-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. No contributions were made to the New Madison Public Library during fiscal year 1999. Financial information can be obtained from the New Madison Public Library, Kathryn Williams, Clerk/Treasurer, at 142 South Main Street, New Madison, Ohio 45346-0032.

C. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The Educational Service Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

18. SCHOOL FUNDING COURT 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 Ohio General Assembly 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, 1999, the District received \$2,541,031 of school foundation support for its General Fund.

Since the ruling by the Supreme Court, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

19. CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

20. 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.

**TRI-VILLAGE LOCAL SCHOOL DISTRICT
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

20. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$19,754	\$19,754
Current Year Set-aside Requirement	61,819	61,819	0	123,638
Additional Money Set-Aside	0	0	1,227	1,227
Current Year Offsets	(26,521)	(61,819)	0	(88,340)
Qualifying Disbursements	(24,422)	0	0	(24,422)
Total	<u>\$10,876</u>	<u>\$0</u>	<u>\$20,981</u>	<u>\$31,857</u>
Cash Balance Carried Forward to FY 2000	<u>\$10,876</u>	<u>\$0</u>	<u>\$20,981</u>	<u>\$31,857</u>
Designated for Budget Reserve				<u>(1,227)</u>
Total Restricted Assets				<u>\$30,630</u>

The District did not have a current year set-aside requirement for budget stabilization because the revenue base did not increase by three percent or more. Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

The District also set-aside additional money in excess of statutory requirements for budget stabilization. This amount is presented on the balance sheet as a designation of fund balance rather than as a reserve, and is therefore not included in restricted assets.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Tri-Village Local School District
Darke County
P.O. Box 31
New Madison, Ohio 45346

To the Board of Education:

We have audited the financial statements of Tri-Village Local School District, Darke County, (the "District") as of and for the years ended June 30, 2000, and June 30, 1999, and have issued our report thereon dated December 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 5, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2000.

Tri-Village Local School District
Darke 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, and Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 5, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

TRI-VILLAGE LOCAL SCHOOL DISTRICT

DARKE 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 11, 2001**