



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Members of the Board of Education:

We have audited the accompanying general-purpose financial statements of the Bluffton Exempted Village School District, Allen County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bluffton Exempted Village School District, Allen County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and similar fiduciary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

December 5, 2002, except for Note 22, as to which the date is December 11, 2002

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**COMBINED BALANCE SHEET- ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
Equity in Pooled Cash and Cash Equivalents	\$800,515	\$100,869	\$469,606	\$17,322
Receivables:				
Taxes	2,834,511		801,092	
Accounts	773			
Intergovernmental Notes		1,138		
Accrued Interest	6,756		3,899	
Due From Other Funds	28,000			
Prepaid Items	14,014			
Inventory Held for Resale				
Restricted - Equity in Cash	3,478			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Amount Available in Debt Service Fund				
Amount to be Provided for Retirement of General Long-Term Debt				
Total Assets and Other Debits	<u>3,688,047</u>	<u>102,007</u>	<u>1,274,597</u>	<u>17,322</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	11,518	11,581	290	
Accrued Salaries and Benefits	537,679	7,183		8
Due to Student Organizations				
Compensated Absences Payable	8,968			
Due To Other Funds				
Intergovernmental Payable	97,487	508		63
Deferred Revenue	2,606,971		731,092	
Loans Payable				
Notes Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>3,262,623</u>	<u>19,272</u>	<u>731,382</u>	<u>71</u>
<b>Fund Equity (Deficit) and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings (Deficit)				
Reserve for Trusts				
Reserve for Encumbrances	27,869	20,474		1,136
Reserve for Prepays	14,014			
Reserve for Debt Service			473,215	
Reserved for Property Taxes	227,540		70,000	
Reserved for Capital Improvements	87,268			
Reserved for Budget Stabilization	3,478			
Reserved for Notes Receivable				
Unreserved Fund Balance	65,255	62,261		16,115
Total Fund Equity (Deficit) and Other Credits	<u>425,424</u>	<u>82,735</u>	<u>543,215</u>	<u>17,251</u>
Total Liabilities, Fund Equity (Deficit) and Other Credits	<u>\$3,688,047</u>	<u>\$102,007</u>	<u>\$1,274,597</u>	<u>\$17,322</u>

*The accompanying notes are an integral part of the general-purpose financial statements.*



Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$81,617	\$49,641			\$1,519,570
				3,635,603
				773
				1,138
	14,909			14,909
				10,655
				28,000
				14,014
4,349				4,349
				3,478
133,871		\$16,326,166		16,460,037
			\$543,215	543,215
			8,888,110	8,888,110
<u>219,837</u>	<u>64,550</u>	<u>16,326,166</u>	<u>9,431,325</u>	<u>31,123,851</u>
4,959	521			28,869
17,230				562,100
	30,684			30,684
5,956			253,278	268,202
28,000				28,000
14,902			36,378	149,338
				3,338,063
			48,809	48,809
			35,000	35,000
			9,057,860	9,057,860
<u>71,047</u>	<u>31,205</u>		<u>9,431,325</u>	<u>13,546,925</u>
240,611		16,326,166		16,326,166
(91,821)				240,611
	10,000			(91,821)
				10,000
				49,479
				14,014
				473,215
				297,540
				87,268
				3,478
	14,909			14,909
	8,436			152,067
<u>148,790</u>	<u>33,345</u>	<u>16,326,166</u>		<u>17,576,926</u>
<u>\$219,837</u>	<u>\$64,550</u>	<u>\$16,326,166</u>	<u>\$9,431,325</u>	<u>\$31,123,851</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Type			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects Expendable Trust	
<b>Revenues:</b>					
Taxes	\$2,879,349		\$812,170		\$3,691,519
Tuition and Fees	90,701	\$416			91,117
Intergovernmental	3,937,724	479,227	74,184	\$36,851	4,527,986
Interest	37,328		13,933		51,261
Rent	3,270				3,270
Extracurricular Activities		84,467			84,467
Gifts and Donations		4,203		\$591	36,279
Customer Services		16,973			16,973
Miscellaneous	6,166	64			6,230
<b>Total Revenues</b>	<b>6,954,538</b>	<b>585,350</b>	<b>900,287</b>	<b>591</b>	<b>8,509,102</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	3,468,348	125,548		47,014	3,640,910
Special	330,477	41,527			372,004
Vocational	70,572				70,572
Adult/Continuing	200				200
Other	40,362				40,362
Support Services:					
Pupils	228,939	61,435			290,374
Instruction	317,462	255,992		2,929	576,383
Board of Education	11,364				11,364
School Administration	611,386	4,717			616,103
Fiscal	174,006		14,992		188,998
Operation and Maintenance of Plant	606,085	306		39,735	646,126
Pupil Transportation	286,710				286,710
Central Services	7,342				7,342
Non-Instructional Services					
Extracurricular Activities	183,546	101,586			285,132
Debt Service:					
Principal Retirement			388,874		388,874
Interest and Fiscal Charges			439,667		439,667
<b>Total Expenditures</b>	<b>6,336,799</b>	<b>591,111</b>	<b>843,533</b>	<b>89,678</b>	<b>7,861,121</b>
Excess of Revenues Over (Under) Expenditures	617,739	(5,761)	56,754	(21,342)	591
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	4,470	1,400	47,228	11,053	64,151
Proceeds From Sale of Bonds			1,965,000		1,965,000
Other Financing Sources	18,904		7,505		26,409
Other Financing Uses			(1,965,000)		(1,965,000)
Operating Transfers Out	(61,538)	(4,470)			(66,008)
<b>Total Other Financing Sources (Uses)</b>	<b>(38,164)</b>	<b>(3,070)</b>	<b>54,733</b>	<b>11,053</b>	<b>24,552</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	579,575	(8,831)	111,487	(10,289)	591
Fund Balances at Beginning of Year	(154,151)	91,566	431,728	27,540	21,690
<b>Fund Balances at End of Year</b>	<b>\$425,424</b>	<b>\$82,735</b>	<b>\$543,215</b>	<b>\$17,251</b>	<b>\$22,281</b>

*The accompanying notes are an integral part of the general-purpose financial statements.*

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL- (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types					
	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$2,755,400	\$2,820,543	\$65,143			
Tuition and Fees	121,500	90,701	(30,799)	\$500	\$416	(\$84)
Intergovernmental	3,729,107	3,937,724	208,617	490,691	494,075	3,384
Interest	34,500	30,838	(3,662)			
Rent	3,000	3,425	425			
Extracurricular Activities				90,500	88,356	(2,144)
Gifts and Donations				32,700	4,204	(28,496)
Customer Services				21,600	16,973	(4,627)
Miscellaneous	700	6,165	5,465	1,000	64	(936)
<b>Total Revenues</b>	<b>6,644,207</b>	<b>6,889,396</b>	<b>245,189</b>	<b>636,991</b>	<b>604,088</b>	<b>(32,903)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction:						
Regular	3,617,056	3,524,170	92,886	139,946	128,818	11,128
Special	361,195	325,621	35,574	45,475	41,263	4,212
Vocational	71,501	70,196	1,305			
Adult/Continuing	1,000	200	800			
Other	73,022	53,860	19,162			
Support Services:						
Pupils	250,525	238,627	11,898	61,435	61,435	
Instruction	333,983	318,027	15,956	279,790	261,717	18,073
Board of Education	18,625	16,258	2,367			
Administration	634,866	614,620	20,246	10,504	7,220	3,284
Fiscal	175,575	172,566	3,009			
Business						
Operation and Maintenance	711,707	651,367	60,340	307	307	
Transportation	305,681	277,990	27,691			
Central Services	8,000	7,401	599			
Non-Instructional Services	191		191			
Extracurricular Activities	184,010	181,849	2,161	170,604	123,423	47,181
Debt Service:						
Principal						
Interest						
<b>Total Expenditures</b>	<b>6,746,937</b>	<b>6,452,752</b>	<b>294,185</b>	<b>708,061</b>	<b>624,183</b>	<b>83,878</b>
Excess of Revenues Over (Under) Expenditures	(102,730)	436,644	539,374	(71,070)	(20,095)	50,975
<b>Other Financing Sources (Uses):</b>						
Advances In	40,000	33,000	(7,000)			
Transfers In	3,000	4,470	1,470	1,400	1,400	
Refund of Prior Year Expenditures	10,000	906	(9,094)			
Proceed from Sale of Fixed Assets	100		(100)	500		(500)
Proceed from Sale of Bonds						
Refund of Prior Year Receipts				(3,492)	(3,889)	(397)
Transfers Out	(61,554)	(61,538)	16	(5,000)	(4,470)	530
Advances Out	(54,000)	(54,000)				
Other Financing Sources	200	18,904	18,704			
Other Financing Uses						
<b>Total Other Financing Sources (Uses)</b>	<b>(62,254)</b>	<b>(58,258)</b>	<b>3,996</b>	<b>(6,592)</b>	<b>(6,959)</b>	<b>(367)</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(164,984)	378,386	543,370	(77,662)	(27,054)	50,608
Fund Balances (Deficit) at Beginning of Year	292,643	292,643		57,972	57,972	
Prior Year Encumbrances Appropriated	94,081	94,081		37,895	37,895	
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$221,740</b>	<b>\$765,110</b>	<b>\$543,370</b>	<b>\$18,205</b>	<b>\$68,813</b>	<b>\$50,608</b>

The accompanying notes are an integral part of the general-purpose financial statements

Governmental Fund Types						Fiduciary Fund Types		
Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$773,400	\$794,317	\$20,917						
68,500	74,184	5,684	\$28,151	\$36,851	\$8,700			
22,500	11,435	(11,065)						
			27,000	31,485	4,485	\$400	\$398	(\$2)
						2,000	4,676	2,676
<u>864,400</u>	<u>879,936</u>	<u>15,536</u>	<u>55,151</u>	<u>68,336</u>	<u>13,185</u>	<u>2,400</u>	<u>5,074</u>	<u>2,674</u>
			64,473	59,830	4,643			
			2,929	2,929				
31,100	14,992	16,108						
			43,515	41,725	1,790			
						3,000	1,000	2,000
388,874	388,874							
439,683	439,667	16						
<u>859,657</u>	<u>843,533</u>	<u>16,124</u>	<u>110,917</u>	<u>104,484</u>	<u>6,433</u>	<u>3,000</u>	<u>1,000</u>	<u>2,000</u>
<u>4,743</u>	<u>36,403</u>	<u>31,660</u>	<u>(55,766)</u>	<u>(36,148)</u>	<u>19,618</u>	<u>(600)</u>	<u>4,074</u>	<u>4,674</u>
47,244	47,228	(16)	10,000	11,053	1,053			
1,965,000	1,965,000							
7,505	7,505							
(1,965,000)	(1,965,000)							
<u>54,749</u>	<u>54,733</u>	<u>(16)</u>	<u>10,000</u>	<u>11,053</u>	<u>1,053</u>			
59,492	91,136	31,644	(45,766)	(25,095)	20,671	(600)	4,074	4,674
378,180	378,180		22,045	22,045		3,299	3,299	
			19,236	19,236				
<u>\$437,672</u>	<u>\$469,316</u>	<u>\$31,644</u>	<u>(\$4,485)</u>	<u>\$16,186</u>	<u>\$20,671</u>	<u>\$2,699</u>	<u>\$7,373</u>	<u>\$4,674</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY/FUND BALANCE  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Types</b>			<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Internal Service</b>	<b>Nonexpendable Trust</b>	
<b>Operating Revenues:</b>				
Sales	\$299,009	\$988		\$299,997
Miscellaneous			\$3,991	3,991
<b>Total Operating Revenues</b>	<b>299,009</b>	<b>988</b>	<b>3,991</b>	<b>303,988</b>
<b>Operating Expenses:</b>				
Salaries	94,743			94,743
Fringe Benefits	38,030			38,030
Purchased Services	7,414			7,414
Materials and Supplies	212,207	988	3,991	217,186
Other	658			658
Cost of Sales	3,669			3,669
Depreciation	23,504			23,504
<b>Total Operating Expenses</b>	<b>380,225</b>	<b>988</b>	<b>3,991</b>	<b>385,204</b>
<b>Operating Income (Loss)</b>	<b>(81,216)</b>			<b>(81,216)</b>
<b>Non-Operating Revenues and (Expenses):</b>				
Federal Donated Commodities	31,793			31,793
Interest	1,615		544	2,159
Federal and State Subsidies	57,491			57,491
<b>Total Non-Operating Revenues and (Expenses)</b>	<b>90,899</b>		<b>544</b>	<b>91,443</b>
<b>Net Income (Loss)</b>	<b>9,683</b>		<b>544</b>	<b>10,227</b>
Retained Earnings/Fund Balance at Beginning of Year(Restated)	(101,504)		10,520	(90,984)
<b>Retained Earnings/Fund Balance at End of Year</b>	<b>(91,821)</b>		<b>11,064</b>	<b>(80,757)</b>
Contributed Capital at Beginning of Year	240,611			240,611
Contributed Capital at End of Year	240,611			240,611
<b>Total Fund Equity at End of Year</b>	<b>\$148,790</b>	<b>\$0</b>	<b>\$11,064</b>	<b>\$159,854</b>

*The accompanying notes are an integral part of the general purpose financial statements.*

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Types						Fiduciary Fund Types		
	Enterprise Funds			Internal Service			Non-Expendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>									
Sales	\$295,600	\$299,009	\$3,409	\$3,000	\$988	(\$2,012)			
Interest	1,500	1,615	115				\$544	\$544	
Federal and State Subsidies	47,300	63,343	16,043						
<b>Total Revenues</b>	<b>344,400</b>	<b>363,967</b>	<b>19,567</b>	<b>3,000</b>	<b>988</b>	<b>(2,012)</b>		<b>544</b>	<b>544</b>
<b>Expenditures:</b>									
Salaries	111,500	110,887	613						
Fringe Benefits	51,100	34,237	16,863						
Purchased Services	8,551	8,486	65						
Materials and Supplies	234,660	188,988	45,672	3,000	988	2,012			
Other	1,508	658	850						
Capital Outlay									
<b>Total Expenditures</b>	<b>407,319</b>	<b>343,256</b>	<b>64,063</b>	<b>3,000</b>	<b>988</b>	<b>2,012</b>			
<b>Operating Income (Loss)</b>	<b>(62,919)</b>	<b>20,711</b>	<b>83,630</b>					<b>544</b>	<b>544</b>
<b>Non-Operating Revenues and Expenses</b>									
Advances In	33,000	54,000	21,000						
Advances Out	(40,000)	(33,000)	7,000						
<b>Total Non-Operating Revenues and Expenses</b>	<b>(7,000)</b>	<b>21,000</b>	<b>28,000</b>						
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(69,919)</b>	<b>41,711</b>	<b>111,630</b>					<b>544</b>	<b>544</b>
Fund Balance Beginning of Year	22,628	22,628					\$10,520	10,520	
Prior Year Encumbrances Appropriated	8,469	8,469							
<b>Fund Balance End of Year</b>	<b>(\$38,822)</b>	<b>\$72,808</b>	<b>\$111,630</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,520</b>	<b>\$11,064</b>	<b>\$544</b>

The accompanying notes are an integral part of the general-purpose financial statements.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$299,009	\$988		\$299,997
Cash Payments to Suppliers for Goods and Services	(189,323)	(988)		(190,311)
Cash Payments to Employees for Services	(110,887)			(110,887)
Cash Payments for Employee Benefits	(34,237)			(34,237)
Net Cash Provided by (Used for) Operating Activities	<u>(35,438)</u>			<u>(35,438)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	63,343			63,343
Advances In	54,000			54,000
Advances Out	(33,000)			(33,000)
Interest	1,615		\$544	2,159
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>85,958</u>		<u>544</u>	<u>86,502</u>
Net Increase (Decrease) in Cash and Cash Equivalents	50,520		544	51,064
Cash and Cash Equivalents at Beginning of Year	<u>31,097</u>		<u>10,520</u>	<u>41,617</u>
Cash and Cash Equivalents at End of Year	<u><u>81,617</u></u>		<u><u>11,064</u></u>	<u><u>92,681</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	(81,216)			(81,216)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation	23,504			23,504
Donated Commodities Used During Year	31,793			31,793
<b>Changes in Assets and Liabilities:</b>				
(Increase)/Decrease in Inventory	147			147
Increase/(Decrease) in Accounts Payable	4,047			4,047
Increase/(Decrease) in Accrued Salaries and Benefits	(1,168)			(1,168)
Increase/(Decrease) in Compensated Absences Payable	(10,045)			(10,045)
Increase/(Decrease) in Intergovernmental Payables	(1,138)			(1,138)
Increase/(Decrease) in Deferred Revenue	(1,362)			(1,362)
Total Adjustments	<u>45,778</u>			<u>45,778</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>(\$35,438)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>(\$35,438)</u></u>

*The accompanying notes are an integral part of the general purpose financial statements.*



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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

Bluffton Exempted Village 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 is located in a rural community in Northwest Ohio. The District is the 440th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 45 non-certificated employees, 78 certificated full-time teaching personnel who provide services to 1,209 students and other community members.

**A. Reporting Entity**

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

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

The District is associated with eight organizations which are defined as jointly governed organizations, related organizations and public entity risk pools. These organizations include Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Joint Vocational School, Northwestern Ohio Educational Research Council, Inc., Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program, West Central Ohio Regional Professional Development Center, Allen County Schools Health Benefit Plan, West Central Ohio Special Education Regional Resources Center (SERRC) and Bluffton Richland Public Library. These organizations are presented in Notes 18, 19, and 20 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 trust funds) 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.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to 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 trust funds).

**2. Proprietary Fund Types**

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

**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.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Internal Service Fund** - Internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

**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, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. Account Groups**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term 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 expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and nonexpendable trust 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. Proprietary and nonexpendable trust 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. The full accrual basis of accounting is followed for the proprietary and non expendable trust funds.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, and tuition.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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.

On the accrual basis of accounting 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.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Allen 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 2002.

**3. Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function and object level of expenditures, which are the legal levels of budgetary control.

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the 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 must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Expenditures plus encumbrances may not legally exceed appropriations. 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.

**D. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2002, investments were limited to certificates of deposit which are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$37,328 which includes \$7,988 assigned from other District funds.

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds 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 school supplies held for resale and are expensed when used. There was no inventory in the governmental funds at June 30, 2002.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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.

**H. Restricted Funds**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include the Bureau of Workmens Compensation portion of unexpended revenues that were required to be set-aside to create a reserve for budget stabilization. The total restricted cash as of June 30, 2002 was \$3,478.

**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.

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

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 five to twenty years.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. As of June 30, 2002 the balance of interfund assets/liabilities was \$28,000.

**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. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts 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, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources.

Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds.

**M. Bond Premiums and Discounts**

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. The transfers in/out reported within the financial statements do not balance due to transfers to agency funds which are not reported.

**O. Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for capital improvements, encumbrances, prepaids, debt service, budget stabilization, notes receivable, property taxes and contributions to the nonexpendable trust fund that must be kept intact.

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 notes receivable represents the outstanding loans due to the District from the Diesel Scholarship recipients. The reserve for budget stabilization represents the District's portion of the Bureau of Worker's Compensation refunds.

**P. 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. 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) and Actual (Non-GAAP Budgetary Basis) -All Governmental Fund Types and Similar Fiduciary Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Proprietary Fund Types and Similar Fiduciary 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:

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. 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).

An analysis of the difference in fund balance at June 30, 2002, as determined under the GAAP basis and budget basis follows:

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Similar Fiduciary Funds**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>
GAAP basis	\$ 579,575	(\$ 8,831)	\$ 111,487	\$(10,289)	\$591
Revenue accruals	(64,236)	18,738	(20,351)	-	-
Expenditure accruals	(77,070)	(4,906)	-	(13,670)	-
Repayment of Notes Receivable	-	-	-	-	4,676
Notes Issued	-	-	-	-	(1,000)
Advances In(Out) Net	(21,000)	-	-	-	-
Accrued Interest on Notes	-	-	-	-	(193)
Encumbrances	<u>(38,883)</u>	<u>(32,055)</u>	<u>-</u>	<u>(1,136)</u>	<u>-</u>
Budget basis	<u>\$ 378,386</u>	<u>\$ (27,054)</u>	<u>\$ 91,136</u>	<u>\$ (25,095)</u>	<u>\$ 4,074</u>

**Net Loss of Revenues Under Expenses and Advances  
All Proprietary Fund Types and Similar Fiduciary Funds**

	<b>Enterprise</b>	<b>Nonexpendable Trust</b>
GAAP basis	\$ 9,683	\$ 544
Revenue accrual	(25,941)	-
Expense accrual	45,778	-
Advances (Net)	21,000	-
Encumbrances	<u>(8,809)</u>	<u>-</u>
Budget basis	<u>\$ 41,711</u>	<u>\$ 544</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**4. RESTATEMENT OF FUND EQUITY**

An appraisal done by Valuation Engineers, Inc., has resulted in a restatement of the fixed asset account group. As of June 30, 2001, the amount was changed from \$14,554,948 to \$15,911,090.

The enterprise retained earnings was also restated from \$(83,097) to \$(101,504). The depreciation account balance changed from \$154,366 to \$80,743. The fixed assets account balance changed from \$330,148 to \$238,118.

**5. FUND DEFICITS**

At June 30, 2002, the funds listed below have deficit fund balances. The deficits resulted from the application of generally accepted accounting principles. The general fund is liable for any deficit funds and provides operating transfers when cash is required, not when accruals occur.

	<b>Deficit Balance</b>
Capital Project Fund	
SchoolNet Plus	\$ 67
Special Revenue Funds	
EMIS	317
Summer Intervention	47
Extended Learning	2
Title I	2,937
Proprietary Funds	
Uniform School Supplies Fund	21,223
Lunchroom	70,598

**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 or deposit accounts including passbook accounts.

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

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

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**6. DEPOSITS AND INVESTMENTS (Continued)**

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

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.

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

**Cash on Hand** - At fiscal year end, the District had \$600 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 following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "*Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*".

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**6. DEPOSITS AND INVESTMENTS (Continued)**

**Deposits** - At fiscal year end, the carrying amount of the District's deposits was \$1,522,448 and the bank balance was \$1,806,425. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,706,425 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 would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**7. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes for calendar year 2002 are levied after April 1, 2001, on the assessed values as of January 1, 2001, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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.

Public utility real and tangible personal property taxes for calendar year 2002 were levied after April 1, 2001, on the assessed values as of December 31, 2000, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes for calendar year 2002 were levied after April 1, 2001, on the value as of December 31, 2001. Tangible personal property is currently assessed at 25 percent of true value. Amounts 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 Allen 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, 2002, are available to finance fiscal year 2002 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, public utility property, and tangible personal property which were measurable as of June 30, 2002. 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, 2002, was \$227,540 in the general fund and \$70,000 in the debt service fund. The amount available as an advance at June 30, 2001, was \$126,410 in the general fund and \$52,147 in the debt service fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**7. PROPERTY TAXES (Continued)**

	<b>2001 Second-Half</b>		<b>2002 First-Half</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential And Other Real Estate	\$79,013,240	72.71%	\$80,855,350	76.01%
Public Utility	52,960	.05	47,410	.05
Tangible Personal Property	<u>29,604,946</u>	<u>27.24</u>	<u>25,464,645</u>	<u>23.94</u>
Total Assessed Value	<u>\$108,671,146</u>	<u>100.00%</u>	<u>\$106,367,405</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$45.81		\$46.81	

**8. RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, 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:

Special Revenue Funds	<b>Amount</b> <u>\$ 1,138</u>
-----------------------	----------------------------------

**9. NOTES RECEIVABLE**

The Diesel Scholarship Fund was established to assist worthy and needy graduates from public high schools in Allen County to receive further educational training. This fund is a revolving fund with the recipients being required to reimburse the full amount plus 3% interest in installments agreed upon commencing one year after graduation, or withdrawal from school, which ever shall occur first. At the close of fiscal year 2002, there were nineteen students with outstanding loans that have a total amount due of \$14,909.

**10. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$238,118
Less Accumulated Depreciation	<u>(104,247)</u>
Net Fixed Assets	<u>\$133,871</u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<b>Asset Category</b>	<b>Adjusted Balance at 6/30/01</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/02</b>
Land	\$ 872,661	\$ -	\$ -	\$ 872,661
Land Improvements	478,189	4,523	-	482,712
Buildings	11,922,332	-	-	11,922,332
Building Improvements	505,614	2,318	-	507,932
Equipment	1,530,164	408,235	-	1,938,399
Vehicles	<u>602,130</u>	-	-	<u>602,130</u>
Total	<u>\$15,911,090</u>	<u>\$415,076</u>	<u>\$ -</u>	<u>\$16,326,166</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured.

During fiscal year 2002, the District purchased from Nationwide Insurance Company general liability insurance, which carried a \$2 million per occurrence/ 5 million annual aggregate limit with an additional \$1 million umbrella coverage. Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded.

Coverages were not significantly reduced from the prior year and settlement amounts did not exceed coverage amounts for each of the past three years.

The District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Program is limited to educational entities that can meet the Program's selection criteria. Each participant must apply annually. The Program provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The District also participates in the Allen County Schools Health Benefit Plan (the Plan), a public entity shared risk pool consisting of the Districts within Allen County. The District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**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 benefits and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614)222-5853.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(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 an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. For fiscal year 2001, 4.2 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$43,630, \$31,082, and \$43,943, respectively; 49.6 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000; \$21,996 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for both fiscal years 2002 and 2001. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$331,303, \$321,224, and \$170,512, respectively. 83.0 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000; \$56,232 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**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 classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$156,933 during the 2002 fiscal year.



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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**13. POSTEMPLOYMENT BENEFITS (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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.

For this fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. 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 2002, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$101,235 during the 2002 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expense for health care for the fiscal year ended June 30, 2001 (the latest information available), was \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**14. COMPENSATED ABSENCES**

Each full time professional staff member is entitled to fifteen (15) days sick leave with pay for the year under contract and accrues sick leave at the rate of one and one-fourth (1 1/4) days for each calendar month under contract. Sick leave is cumulative to one hundred eighty-eight (188) days for both non-certified staff and certified staff.

Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the end of retirement based on twenty-five percent (25%) of accumulative sick leave up to a maximum of 47 days. Employees must have ten years service with the District. Non-Certified Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on twenty-five percent (25%) of accumulative sick leave up to a maximum of 40 days. Employees must have ten years service with the District.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**15. LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2002 were as follows:

<b>General Long-Term Obligations</b>	<b>Outstanding 6/30/01</b>	<b>Additions</b>	<b>Deductions</b>	<b>Outstanding 6/30/02</b>
1986 School Building Construction 8.00%; Matures 12/1/08	\$1,540,000	\$ -	\$190,000	\$ 1,350,000
1997 Construction Bonds Matures 12/1/21				
Serial Bonds - 3.75-5.00%	1,395,000	-	155,000	1,240,000
Term Bonds - 5.50%	4,125,000	-	-	4,125,000
Capital Appreciation Bonds 5.2-5.35%	341,811	36,049	-	377,860
2002 Library Construction Improvement Bonds				
4.92%; Matures 12/01/28	-	1,965,000	-	1,965,000
Environmental Protection Agency 1988 Asbestos Abatement Loan				
Interest Free; Matures 7/31/08	57,683	-	8,874	48,809
1993 Energy Conservation Note 5.50%; Matures 4/22/03	70,000	-	35,000	35,000
Intergovernmental Payable	51,027	-	14,649	36,378
Compensated Absences	<u>244,437</u>	<u>8,841</u>	<u>-</u>	<u>253,278</u>
<b>Total Long-Term Obligations</b>	<b><u>\$7,824,958</u></b>	<b><u>\$2,009,890</u></b>	<b><u>\$403,523</u></b>	<b><u>\$ 9,431,325</u></b>

The 1986 outstanding general obligation bonds consist of a school building construction issue. These general obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District.

The 2002 outstanding general obligation bonds consist of a library construction issue. These general obligation bonds are direct obligations of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the District.

School Improvement General Obligation Bonds - On March 1, 1997, the District issued \$6,199,649 in voted general obligation bonds for constructing, improving, and making additions to school buildings and related site development. The bond issue included serial, term, and capital appreciation bonds in the amount of \$1,850,000, \$4,125,000 and \$224,649, respectively. The bonds will be retired with a voted property tax levy from the debt service fund.

The term bonds maturing on December 1, 2016 (the 2016 Current Interest Term Bonds) are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the District.

That mandatory redemption is to occur on December 1 in each of the years 2011 through 2015 (with the balance of \$385,000 to be paid at stated maturity on December 1, 2016) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**15. LONG-TERM OBLIGATIONS (Continued)**

<b>Year</b>	<b>Amount</b>
2011	\$285,000
2012	310,000
2013	325,000
2014	345,000
2015	365,000
2016	385,000

The term bonds maturing on December 1, 2021 (the 2021 Current Interest Term Bonds), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund requirements of the District. That mandatory redemption is to occur on December 1 in each of the years 2017 through 2020 (with the balance of \$455,000 to be paid at stated maturity on December 1, 2021) at redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<b>Year</b>	<b>Amount</b>
2017	\$380,000
2018	400,000
2019	425,000
2020	450,000
2021	455,000

Current interest term bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The Current Interest Bonds maturing on or after December 1, 2008 are also subject to prior redemption on or after December 1, 2007, by and at the sole option of the Board, either in whole on any date or in part (as selected by the Board) on any date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

<b>Redemption Dates (Dates Inclusive)</b>	<b>Redemption Prices</b>
December 1, 2007 through November 30, 2008	101%
December, 2008 and thereafter	100%

The capital appreciation bonds will mature in fiscal years 2008 through 2010. The maturity amount of the bonds are \$260,000, for fiscal year 2008 and \$270,000, for fiscal years 2009 and 2010. Capital appreciation bonds are not subject to redemption prior to maturity. For fiscal year 2002, \$36,049 was accreted for a total bond value of \$377,860.

The Environmental Protection Agency loan was obtained for asbestos removal, in accordance with the Asbestos School Hazard Abatement Act of 1984, on an interest free basis. The loan will be retired from the debt service fund.

The Energy Conservation Note was obtained for funding energy conserving capital improvement in accordance with AM Sub.H.B. 264. The loan will be retired from the debt service fund.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**15. LONG-TERM OBLIGATIONS (Continued)**

The intergovernmental payable consists of amounts due outside of the available period of sixty days after year-end, and is the SERS employer's portion of benefits for August through December. Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid.

The District's overall legal debt margin was \$668,417 with an unvoted debt margin of \$106,367 at June 30, 2002.

The annual requirements to amortize all bond and note debt outstanding as of June 30, 2002, including interest is as follows:

Fiscal Year Ending June 30	General Obligation Bonds	Notes	Loans	Total
2003	\$ 858,028	\$ 36,445	\$ 8,874	\$ 903,347
2004	874,145	-	8,874	883,019
2005	864,078	-	8,874	872,952
2006	857,743	-	8,874	866,617
2007	845,085	-	8,874	853,959
2008-2012	3,718,152	-	4,439	3,722,591
2013-2017	3,245,705	-	-	3,245,705
2018-2022	3,089,888	-	-	3,089,888
2023-2027	676,300	-	-	676,300
2028-2029	<u>269,161</u>	<u>-</u>	<u>-</u>	<u>269,161</u>
Total	15,298,285	36,445	48,809	15,383,539
Less: Amount Representing interest	<u>6,240,425</u>	<u>1,445</u>	<u>-</u>	<u>6,241,870</u>
Total	<u>\$ 9,057,860</u>	<u>\$ 35,000</u>	<u>\$48,809</u>	<u>\$9,141,669</u>

**16. STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7/1/2001	\$ 62,604	\$ 84,924	\$21,711	\$ 169,239
Required Set-Aside	143,177	143,177	-	286,354
Transfer to General Fund (Per H.B. 345)	-	-	(18,233)	(18,233)
Current Year Offset		(343,687)		(343,687)
Qualifying Expenditures	<u>(213,831)</u>	<u>(143,125)</u>	<u>-</u>	<u>(356,956)</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$8,050)</u>	<u>(\$258,711)</u>	<u>\$ 3,478</u>	<u>(\$263,283)</u>

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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**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 Bluffton Exempted Village District as of and for the fiscal year ended June 30, 2002.

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$263,583	\$ 35,426	\$299,009
Operating Expenses			
Less Depreciation	320,921	35,800	356,721
Depreciation Expense	23,504	-	23,504
Operating Income (Loss)	(80,842)	(374)	(81,216)
Donated Commodities	31,793	-	31,793
Operating Grants	57,491	-	57,491
Interest	1,615	-	1,615
Net Income (Loss)	10,057	(374)	9,683
Net Working Capital	42,098	(21,223)	20,875
Total Assets	209,044	10,793	219,837
Total Equity	170,013	(21,223)	148,790
Encumbrances Outstanding at June 30, 2001	\$ 1,221	\$ 7,588	\$ 8,809

**18. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Area Computer Services Cooperative**

The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among member school districts, including both public school districts and county boards of education, in Allen, Auglaize, Hancock, Mercer, Paulding, Putnam, and Van Wert counties.

The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each school supports NOACSC based upon a per pupil charge. The Governing Board of NOACSC consists of two representatives from each county and one representative from the fiscal agent. The representatives from each county are elected by a majority vote of all county member schools. Financial information can be obtained from Michael Wildermuth, Director, at 645 South Main St., Lima, Ohio 45805

**B. Apollo Joint Vocational School**

The Apollo Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Joint Vocational School, Greg Bukowski, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. West Central Ohio Special Education Regional Resource Center**

The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up the 50 superintendents of the participating districts, one non-public school, and Wright State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Harding County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

**D. West Central Ohio Regional Professional Development Center**

The Center is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs. The Center is governed by a board made up of fifty-two representatives of the participating school districts, the business community, and two institutions of higher learning whose term rotates every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information may be obtained by contacting Dorothy Oldham, Treasurer, Hancock County Educational Service Center, 604 Lima Avenue, Findlay, Ohio 45840-3087.

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

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

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**19. INSURANCE PURCHASING POOLS**

**A. Allen County Schools Health Purchasing Plan**

The District participates in the Allen County Schools Health Benefit Plan (the Program), a public entity shared risk pool consisting of the school districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, CoreSource, concerning aspects of the administration of the Trust. Each school district decides which plan offered the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Don Smith, who serves as Chairman, at 204 North Main Street, Lima, Ohio 45801.

**B. Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program**

The District participates in the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a twenty-five member Board of directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program and its financial operations.

**20. RELATED ORGANIZATIONS**

**A. Bluffton-Richland Public Library**

The Bluffton-Richland 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 District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bluffton-Richland Public Library, Ben Diepenbrock, Clerk/Treasurer, at 145 S. Main Street, Bluffton, Ohio 45817.

**21. GRANTS**

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, 2002.

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**22. STATE SCHOOL FUNDING DECISION**

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

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



**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Special Milk Program	045211-02-PU-0000	10.556	\$2,469		\$2,469	
National School Lunch Program	045211-04-PU-0000	10.555	59,169		59,169	
Food Distribution	N/A	10.550		\$29,246		\$29,246
Total U.S. Department of Agriculture- Nutrition Cluster			61,638	29,246	61,638	29,246
<b>U.S DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education- Grants to States	045211-6B-SF-2002	84.027	61,435		61,435	
Title I Grants to Local Educational Agencies	045211-C1-S1-2002	84.010	39,326		35,114	
	045211-C1-S1-2001	84.010	10,921		6,149	
Total			50,247		41,263	
Drug-Free Schools	045211-DR-S1-2002	84.186	4,616		2,881	
Eisenhower Professional Development State Grant	045211-MS-S1-2002	84.281	4,274		2,003	
	045211-MS-S1-2001	84.281			803	
Total			4,274		2,806	
Class Size Reduction Subsidy	045211-CR-S1-2002	84.340	15,275		13,866	
	045211-CR-S1-2001	84.340	5,066		5,639	
Total			20,341		19,505	
Technology Literacy Challenge Fund Grant	045211-TF-VM-2001	84.318	200,000		200,000	
Innovative Education Program Strategies	045211-CS-S1-2002	84.298	5,664		5,664	
	045211-CS-S1-2001	84.298			4,510	
Total			5,664		10,174	
Virtual Learning	045211-TF-VL-2000	84.000	67,625		67,625	
Assistive Technology Infusion Project	045211-AT-S1-2002	84.352	15,873		12,758	
Total U.S. Department of Education			430,075		418,447	
<b>Total Federal Assistance</b>			<u>\$491,713</u>	<u>\$29,246</u>	<u>\$480,085</u>	<u>\$29,246</u>

*See Accompanying Notes to the Schedule of Federal Awards Expenditures*

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A- SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B- NUTRITION CLUSTER**

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

**NOTE C- MATCHING REQUIREMENTS**

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on the Schedule.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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800-443-9274  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Members of the Board of Education:

We have audited the financial statements of the Bluffton Exempted Village School District (the District), Allen County, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 5, 2002.

**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, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

December 5, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Bluffton Exempted Village School District  
Allen County  
102 South Jackson Street  
Bluffton, Ohio 45817

To the Members of the Board of Education:

**Compliance**

We have audited the compliance of Bluffton Exempted Village School District, (the District), Allen County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2002.

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

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

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



**Jim Petro**  
Auditor of State

December 5, 2002

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 §.505  
FISCAL YEAR ENDED JUNE 30, 2002**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	- Technology Literacy Challenge CFDA #84.318 - Nutrition Cluster CFDA's #10.550, 10.555, 10.556
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

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

None

**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT  
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2001-10202-001	Textbook and Capital Maintenance Set-Aside Reserve Accounts were not met.	Yes	The District monitored expenditures and met the required reserve for both the textbook and capital maintenance accounts.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BLUFFTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**ALLEN 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  
DECEMBER 31, 2002**