

**BATAVIA LOCAL SCHOOL DISTRICT**

General Purpose Financial Statements

Year Ended June 30, 2000

With

Independent Auditors' Report



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Board of Education  
Batavia Local School District  
Batavia, Ohio 45103

We have reviewed the Independent Auditor's Report of the Batavia Local School District, Clermont County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Batavia Local School District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

December 18, 2000

# BATAVIA LOCAL SCHOOL DISTRICT

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Funds	5 - 6
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type	7
Combined Statement of Cash Flows - Proprietary Fund Type	8
Notes to the General Purpose Financial Statements	9 - 29
Schedule of Prior Audit Findings	30
Schedule of Expenditures of Federal Awards	31
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	33 - 34
Schedule of Findings and Questioned Costs	35

Clark, Schaefer, Hackett & Co.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Batavia Local School District:

We have audited the accompanying general purpose financial statements of Batavia Local School District as of and for the year ended June 30, 2000 as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental 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 Batavia Local School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

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

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

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
October 20, 2000

# BATAVIA LOCAL SCHOOL DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust & Agency	General Fixed Asset	Long-Term Debt	General			
									General	Long-Term Debt		
<b>ASSETS AND OTHER DEBITS</b>												
<b>ASSETS:</b>												
Equity in pooled cash and cash equivalents	\$ 328,497	259,711	331,860	418,852	111,051	48,905	-	-	-	-	-	1,498,876
Investments	3,250,000	-	-	-	-	5,757	-	-	-	-	-	3,255,757
Net receivables:												
Taxes	4,644,448	-	875,283	-	-	-	-	-	-	-	-	5,519,731
Accounts	79	-	-	-	1,359	-	-	-	-	-	-	1,438
Accrued interest	12,397	-	-	-	-	-	-	-	-	-	-	12,397
Intergovernmental	1,700	21,000	-	-	14,241	-	-	-	-	-	-	36,941
Prepaid expenses	5,000	-	-	-	-	-	-	-	-	-	-	5,000
Materials and supply inventory	-	-	-	-	2,452	-	-	-	-	-	-	2,452
Restricted assets:												
Cash and cash equivalents	219,464	-	-	-	-	-	-	-	-	-	-	219,464
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-	280,488	-	21,626,709	-	-	-	-	21,907,197
<b>OTHER DEBITS:</b>												
Amount available in Debt Service Fund	-	-	-	-	-	-	-	-	503,860	-	-	503,860
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	8,334,508	-	8,334,508
<b>Total assets and other debits</b>	<b>\$ 8,461,585</b>	<b>280,711</b>	<b>1,207,143</b>	<b>418,852</b>	<b>409,591</b>	<b>54,662</b>	<b>21,626,709</b>	<b>8,838,368</b>	<b>8,334,508</b>	<b>21,626,709</b>	<b>8,334,508</b>	<b>41,297,621</b>

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

# BATAVIA LOCAL SCHOOL DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust & Agency	General Fixed Asset	Long-Term Debt	General			
									General	Debt		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>												
<b>LIABILITIES:</b>												
Accounts payable	\$ 47,262	9,975	-	128,982	1,682	-	-	-	-	-	-	187,901
Accrued wages and benefits	834,641	37,692	-	-	28,485	-	-	-	-	-	-	900,818
Compensated absences payable	29,231	-	-	-	16,655	-	-	-	630,656	-	-	676,542
Deferred revenue	3,806,748	-	703,283	-	954	-	-	-	-	-	-	4,510,985
Pension obligation payable	168,568	4,872	-	-	19,661	-	-	-	57,712	-	-	250,813
Due to student groups	-	-	-	-	-	21,488	-	-	-	-	-	21,488
General obligation bonds payable	-	-	-	-	-	-	-	-	8,150,000	-	-	8,150,000
<b>Total liabilities</b>	<b>4,886,450</b>	<b>52,539</b>	<b>703,283</b>	<b>128,982</b>	<b>67,437</b>	<b>21,488</b>	<b>-</b>	<b>-</b>	<b>8,838,368</b>	<b>-</b>	<b>-</b>	<b>14,698,547</b>
<b>EQUITY AND OTHER CREDITS:</b>												
Investments in general fixed assets	-	-	-	-	-	-	21,626,709	-	-	-	-	21,626,709
Contributed capital	-	-	-	-	228,796	-	-	-	-	-	-	228,796
Retained earnings: unreserved	-	-	-	-	113,358	-	-	-	-	-	-	113,358
<b>Fund balances:</b>												
Reserved for:												
Encumbrances	23,367	26,236	-	48,207	-	-	-	-	-	-	-	97,810
Budget stabilization set-aside	219,464	-	-	-	-	-	-	-	-	-	-	219,464
Property tax advances	837,700	-	172,000	-	-	-	-	-	-	-	-	1,009,700
Debt service	-	-	331,860	-	-	-	-	-	-	-	-	331,860
Unreserved - undesignated	2,494,604	201,936	-	241,663	-	33,174	-	-	-	-	-	2,971,377
<b>Total equity and other credits</b>	<b>3,575,135</b>	<b>228,172</b>	<b>503,860</b>	<b>289,870</b>	<b>342,154</b>	<b>33,174</b>	<b>21,626,709</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,599,074</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 8,461,585</b>	<b>280,711</b>	<b>1,207,143</b>	<b>418,852</b>	<b>409,591</b>	<b>54,662</b>	<b>21,626,709</b>	<b>8,838,368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,297,621</b>

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

## BATAVIA LOCAL SCHOOL DISTRICT

### Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds

Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$ 4,933,979	-	909,750	-	-	5,843,729
Tuition	23,011	-	-	-	-	23,011
Earnings on investments	405,568	-	-	1,603	392	407,563
Other local revenue	51,159	158,360	-	12,611	26,536	248,666
Intergovernmental - state	4,472,765	126,426	73,905	-	-	4,673,096
Intergovernmental - federal	-	419,200	-	-	-	419,200
<b>Total revenues</b>	<b>9,886,482</b>	<b>703,986</b>	<b>983,655</b>	<b>14,214</b>	<b>26,928</b>	<b>11,615,265</b>
<b>Expenditures:</b>						
<b>Instruction:</b>						
Regular	4,980,207	120,024	-	1,763	2,533	5,104,527
Special	1,391,247	346,061	-	-	-	1,737,308
Vocational education	148,628	-	-	-	-	148,628
Other	365	-	-	-	-	365
<b>Support services:</b>						
Pupil	309,516	7,662	-	-	-	317,178
Instructional staff	362,826	10,708	-	-	-	373,534
General administration	52,710	-	-	-	-	52,710
School administration	1,000,537	16,129	-	-	3,012	1,019,678
Fiscal	277,270	-	13,812	-	-	291,082
Operations and maintenance	1,136,485	1,736	-	-	-	1,138,221
Pupil transportation	811,476	-	-	-	-	811,476
Central	9,086	10,128	-	-	-	19,214
Extracurricular activities	241,279	117,871	-	-	5,710	364,860
Facilities acquisition and construction	-	-	-	830,304	-	830,304
<b>Debt Service:</b>						
Principal	-	-	460,000	-	-	460,000
Interest	-	-	396,723	-	-	396,723
<b>Total expenditures</b>	<b>10,721,632</b>	<b>630,319</b>	<b>870,535</b>	<b>832,067</b>	<b>11,255</b>	<b>13,065,808</b>
Excess of revenues over (under) expenditures	(835,150)	73,667	113,120	(817,853)	15,673	(1,450,543)
<b>Other financing sources (uses):</b>						
Sale of assets	6,298	-	-	-	-	6,298
Operating transfers in	-	10,000	-	-	-	10,000
Operating transfers out	(10,000)	-	-	-	-	(10,000)
Other financing sources	239	-	-	-	-	239
<b>Total other financing sources (uses)</b>	<b>(3,463)</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,537</b>
Excess of revenues and other sources over (under) expenditures and other (uses)	(838,613)	83,667	113,120	(817,853)	15,673	(1,444,006)
Fund balance, beginning of year	4,413,748	144,505	390,740	1,107,723	17,501	6,074,217
Fund balance, end of year	\$ 3,575,135	228,172	503,860	289,870	33,174	4,630,211

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

**BATAVIA LOCAL SCHOOL DISTRICT**

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Funds

Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes	\$ 4,490,779	4,490,779	-	-	-	-
Tuition	23,011	23,011	-	-	-	-
Earnings on investments	392,684	393,171	487	-	-	-
Extracurricular activities	-	-	-	-	-	-
Other local revenues	51,930	51,930	-	160,620	160,620	-
Intergovernmental - state and local	4,471,065	4,471,065	-	126,426	126,426	-
Intergovernmental - federal	-	-	-	421,505	421,505	-
<b>Total revenues</b>	<u>9,429,469</u>	<u>9,429,956</u>	<u>487</u>	<u>708,551</u>	<u>708,551</u>	<u>-</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	4,992,569	4,992,569	-	117,533	117,533	-
Special	1,386,556	1,386,556	-	343,225	343,225	-
Vocational	149,235	149,235	-	-	-	-
Other	365	365	-	-	-	-
Support services:						
Pupil	319,030	319,030	-	8,022	8,022	-
Instructional staff	363,730	363,730	-	11,737	11,737	-
General administration	53,023	53,023	-	-	-	-
School administration	1,003,575	1,003,575	-	16,095	16,095	-
Fiscal	276,984	276,984	-	-	-	-
Operations and maintenance	1,171,456	1,171,456	-	1,736	1,736	-
Pupil transportation	812,879	812,879	-	-	-	-
Central	9,086	9,086	-	10,128	10,128	-
Extracurricular activities	240,514	240,514	-	143,231	143,231	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Repayment of debt	-	-	-	-	-	-
<b>Total expenditures</b>	<u>10,779,002</u>	<u>10,779,002</u>	<u>-</u>	<u>651,707</u>	<u>651,707</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(1,349,533)</u>	<u>(1,349,046)</u>	<u>487</u>	<u>56,844</u>	<u>56,844</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	-	10,000	10,000	-
Operating transfers (out)	(10,500)	(10,500)	-	-	-	-
Sale of assets	6,298	6,298	-	-	-	-
Refund of prior year expenditures	239	239	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(3,963)</u>	<u>(3,963)</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	<u>(1,353,496)</u>	<u>(1,353,009)</u>	<u>487</u>	<u>66,844</u>	<u>66,844</u>	<u>-</u>
Fund balance, beginning of year	4,979,601	4,979,601		143,025	143,025	
Prior year encumbrances appropriated	100,739	100,739		13,631	13,631	
Fund balance, end of year	\$ <u>3,726,844</u>	<u>3,727,331</u>		<u>223,500</u>	<u>223,500</u>	

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



Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
817,950	817,950	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,989	1,989	-	392	392	-
-	-	-	-	-	-	-	-	-
-	-	-	12,611	12,611	-	27,036	26,536	(500)
73,905	73,905	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>891,855</u>	<u>891,855</u>	<u>-</u>	<u>14,600</u>	<u>14,600</u>	<u>-</u>	<u>27,428</u>	<u>26,928</u>	<u>(500)</u>
-	-	-	1,763	1,763	-	2,533	2,533	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,012	3,012	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,210	6,210	-
-	-	-	866,081	866,081	-	-	-	-
<u>870,535</u>	<u>870,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>870,535</u>	<u>870,535</u>	<u>-</u>	<u>867,844</u>	<u>867,844</u>	<u>-</u>	<u>11,755</u>	<u>11,755</u>	<u>-</u>
<u>21,320</u>	<u>21,320</u>	<u>-</u>	<u>(853,244)</u>	<u>(853,244)</u>	<u>-</u>	<u>15,673</u>	<u>15,173</u>	<u>(500)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
21,320	21,320	-	(853,244)	(853,244)	-	15,673	15,173	(500)
310,540	310,540	-	1,106,427	1,106,427	-	17,776	17,776	-
-	-	-	37,830	37,830	-	225	225	-
<u>331,860</u>	<u>331,860</u>	<u>-</u>	<u>291,013</u>	<u>291,013</u>	<u>-</u>	<u>33,674</u>	<u>33,174</u>	<u>-</u>

# BATAVIA LOCAL SCHOOL DISTRICT

## Combined Statement of Revenues, Expenses and Changes in Fund Equity Proprietary Fund Type

Year Ended June 30, 2000

	<u>Enterprise</u>
Operating revenues:	
Charges for services	\$ <u>393,337</u>
Total operating revenues	393,337
Operating expenses:	
Personnel services	231,805
Contractual services	23,457
Materials and supplies	291,365
Depreciation	<u>26,509</u>
Total operating expenses	<u>573,136</u>
Operating loss	(179,799)
Nonoperating revenues:	
Interest income	4,770
Operating grants	112,441
Operating grants - donated commodities	<u>40,090</u>
Total nonoperating revenues	<u>157,301</u>
Net loss	(22,498)
Retained earnings at beginning of year	<u>135,856</u>
Retained earnings at end of year	<u>113,358</u>
Contributed capital at beginning of year	228,796
Additions to contributed capital	<u>-</u>
Contributed capital at end of year	<u>228,796</u>
Total fund equity at end of year	\$ <u><u>342,154</u></u>

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

# BATAVIA LOCAL SCHOOL DISTRICT

## Combined Statement of Cash Flows - Proprietary Fund Type

Year Ended June 30, 2000

	<u>Enterprise</u>
Cash flows from operating activities:	
Cash received from customers	\$ 393,112
Cash payments for personal services	(227,119)
Cash payments for contract services	(23,457)
Cash payments for supplies and materials	(246,829)
Cash payments for other expenses	(2,891)
Net cash used by operating activities	<u>(107,184)</u>
Cash flows from noncapital financing activities:	
Cash received from operating grants	<u>98,200</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(34,472)</u>
Cash flows from investing activities:	
Investment income	<u>4,770</u>
Net change in cash	(38,686)
Cash, beginning of year	<u>149,737</u>
Cash, end of year	\$ <u><u>111,051</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (179,799)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	26,509
Donated commodities used	40,090
Changes in assets and liabilities:	
Increase in accounts receivable	(225)
Increase in accounts payable	853
Decrease in supplies inventory	1,344
Increase in accrued wages and benefits	2,777
Increase in pension obligation payable	1,554
Decrease in deferred revenue	(642)
Increase in compensated absences payable	<u>355</u>
Net cash used by operating activities	\$ <u><u>(107,184)</u></u>

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

**Batavia Local School District**  
**Notes to the General Purpose Financial Statements**  
**Year Ended June 30, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Batavia Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District. The Board controls the School District's four instructional support facilities staffed by approximately 45 non-certificated employees, 125 teaching personnel and administrative employees providing education to approximately 1,740 students.

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Batavia Local School District, this includes general operations, food service, and student related activities of the School District.

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

Several entities, which perform activities within the School District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities are the Village of Batavia and athletic booster and parent teacher organizations.

The School District is associated with four organizations, two of which are defined as jointly governed organizations and two are insurance purchasing pools. These organizations include Hamilton Clermont Cooperative Association/Unified Purchasing Association, the Great Oaks Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Clermont County Health Trust. These organizations are presented in Notes 12 and 13 to the general purpose financial statements.

## **B. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

### **Basis Of Presentation - Fund Accounting**

The School 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 School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special 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 School District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary.

#### *Governmental Fund Types:*

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

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

*Special Revenue Funds* - Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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 Fund* - 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).

*Proprietary Fund Types:*

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

*Enterprise Fund* - The enterprise fund is used to account for School 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.

*Fiduciary Fund Types:*

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

*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 School 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 School District except those accounted for in the proprietary or trust funds.

## **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 are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund 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 are recognized in the accounts and reported in the financial statements and thus, relates to the timing of the measurements made.

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

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

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

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

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

## **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 fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

### *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 Clermont County Budget Commission for rate determination.

### *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 School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

### *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 level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriate resolutions, 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. 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.

#### *Encumbrances:*

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

#### *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.

#### **Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 2000, investments were limited to certificates of deposit and repurchase agreements, each of which had a maturity of two years or less.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments be recorded at their fair value and that changes in the fair value be reported in the operating statement. At June 30, 2000, the market value of investments approximates cost.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to agency funds, certain trust funds, and those funds individually authorized by Board resolution. Interest earnings are allocated to these funds based on average monthly cash balance.

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

## **Inventory**

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

## **Prepaid Items**

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

## **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 School District has a capitalization threshold of \$500.

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 and 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 ten years.

## **Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Grants and entitlements amounted to approximately 42% of the School District's operating revenue during the 2000 fiscal year.

## **Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has

identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of service. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

### **Accrued Liabilities and Long-Term Obligations**

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

### **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.

### **Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute. The Board may, with a 2/3 vote of its members appropriate from this budget reserve if it experiences a deficit unreserved fund balance caused by specific conditions which are defined by State statute and files an acceptable schedule to replenish the set-aside balance with the State Superintendent of Public Instruction. A corresponding fund balance reserve has also been established.

## **Estimates**

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

## **Fund Balance Reserves**

The School District records reservations for portions of fund equity that 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 balances indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, and budget reserve set-asides. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

## **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.

## **2. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances 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 (Budget Basis)-All Governmental Fund Types and Similar Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures 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).

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ (838,613)	83,667	113,120	(817,853)	15,673
Revenue					
Accruals	(456,526)	4,565	(91,800)	386	-
Expenditure					
Accruals	12,759	14,824	-	92,062	(500)
Encumbrances	(70,629)	(36,212)	-	(127,839)	-
Budget Basis	<u>\$ (1,353,009)</u>	<u>66,844</u>	<u>21,320</u>	<u>(853,244)</u>	<u>15,173</u>

### 3. DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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 monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

During fiscal year 2000, the School District's investments were limited to overnight repurchase agreements and certificates of deposit. During the fiscal year, all investments of the School District had a maturity of two years or less.

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

Deposits: At year-end, the carrying amount of the School District's deposits was \$4,974,097 and the bank balance was \$5,422,732. Of the bank balance, \$300,000 was covered by federal depository insurance and \$5,122,732 was uninsured and uncollateralized as defined by GASB. The securities serving as collateral were held by the pledging financial institution's trust department, but not in the School District's name, and all State statutory requirements for the deposit of money had been followed.

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 1,718,340	\$ 3,255,757
Deposits:		
Certificates of deposit	<u>3,255,757</u>	<u>(3,255,757)</u>
GASB Statement No. 3	\$ <u>4,974,097</u>	\$ <u>          -</u>

#### 4. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 1997. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$394,500 in the General Fund and \$80,200 in the Debt Service Fund.

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

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 106,523,340	70.62%	\$ 123,720,580	73.97%
Public Utility	9,154,660	6.07%	8,892,540	5.31%
Tangible Personal Property	35,161,390	23.31%	34,654,780	20.72%
Total Assessed Value	<u>\$ 150,839,480</u>	<u>100.00%</u>	<u>\$ 167,267,900</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 51.10		\$ 51.10	

## 5. FIXED ASSETS

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

Furniture and Equipment	\$ 462,439
Less Accumulated Depreciation	<u>(181,951)</u>
Net Fixed Assets	<u>\$ 280,488</u>



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

Asset Category	Balance at 7/1/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$ 4,054,588	7,600	-	4,062,188
Buildings	13,351,387	450,225	-	13,801,612
Furniture and equipment	2,536,483	330,678	-	2,867,161
Vehicles	895,748	-	-	895,748
Total General Fixed Assets	\$20,838,206	788,503	-	21,626,709

## 6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with UTICA Insurance for property and fleet insurance, and Nationwide Insurance for liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

For fiscal year 2000, the School District participated in the Clermont County Health Trust (the Trust), a group insurance purchasing pool (Note 13), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

## **7. DEFINED BENEFIT PENSION PLANS**

### **School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution rates are not determined actuarially, but are established by SERS' Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$173,162, \$157,923, and \$156,567 respectively. 43% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

### **State Teachers Retirement System**

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

Plan members are required to contribute 9.3% of their annual covered salary and the School District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$803,702, \$671,820, and \$639,940, respectively. 83% has been contributed for fiscal year 2000 and 100% for the fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000 is recorded as a liability in the respective funds.

### **Social Security System**

All employees not otherwise covered by SERS or STRS have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. Members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

## **8. POSTEMPLOYMENT BENEFITS**

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

STRS 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$459,259 during fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-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% of the premium. For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% 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% of annual health care expenses. Expenses for health care for the year ended June 30, 1999 were \$126.4 million and the target level was \$189.6 million. At June 30, 1999, SERS' net assets available for payment of health care benefits was \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the School District, this amount to fund health care benefits, including the surcharge, equaled \$78,152 during the 2000 fiscal year.

## **9. EMPLOYEE BENEFITS**

### **Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and on-fourth days per month. Sick leave may be accumulated up to maximum of 240 days for teachers,

225 days for classified staff and unlimited days for administrators. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave up to a maximum of 60 days for teachers and administrators, and 45 for classified employees.

## 10. LONG-TERM DEBT

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

	Principal Outstanding 7/1/99	Additions	Deletions	Principal Outstanding 6/30/00
General Obligation Bonds				
1995 5.0%	\$ 8,610,000	-	460,000	8,150,000
Pension Obligation	35,840	57,712	35,840	57,712
Compensation Absences	633,461	-	2,805	630,656
Total General Long-Term Obligations	<u>\$ 9,279,301</u>	<u>57,712</u>	<u>498,645</u>	<u>8,838,368</u>

*Batavia Junior High School Addition General Obligation Bonds* - During fiscal year 1995, the School District issued \$9,150,000 in voted general obligations bonds for the purpose of an addition and improvements to the junior high school building. The bonds were issued for a twenty-nine year period with final maturity at December 1, 2023 and will be retired from the debt service fund.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$ 505,000	378,135	883,135
2002	330,000	361,770	691,770
2003	345,000	348,353	693,353
2004	360,000	334,073	694,073
2005	375,000	318,911	693,911
2006-2010	805,617	2,636,624	3,442,241
2011-2015	1,024,383	2,413,101	3,437,484
2016-2029	2,520,000	900,000	3,420,000
2021-2023	1,885,000	163,266	2,048,266
Total	<u>\$ 8,150,000</u>	<u>7,854,233</u>	<u>\$ 16,004,233</u>

The School District's voted legal debt margin was \$6,904,111 with an unvoted debt margin of \$167,268 at June 30, 2000.

## 11. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	<u>Food</u>	<u>School</u>	<u>Total</u>
	<u>Service</u>	<u>Supplies</u>	
Operating revenues	\$ 313,160	80,177	393,337
Operating expenses before depreciation	470,779	75,848	546,627
Depreciation	26,509	-	26,509
Operating income (loss)	(184,128)	4,329	(179,799)
Donated commodities	40,090	-	40,090
Operating grants	112,441	-	112,441
Net income (loss)	(26,827)	4,329	(22,498)
Net working capital	35,872	25,794	61,666
Total assets	383,098	26,493	409,591
Total equity	314,160	27,994	342,154
Encumbrances at June 30, 2000	\$ 2,400	6,181	8,581

## 12. JOINTLY GOVERNED ORGANIZATIONS

### *The Hamilton Clermont Cooperative Association*

The School District is a participant in a two-county consortium of school districts that operate the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid approximately \$35,000 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from their administrative offices at 7615 Harrison Avenue, Cincinnati 45231.

### *The Great Oaks Joint Vocational School District*

The Great Oaks Joint Vocational School District, a jointly governed organization, 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 district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks Joint Vocational School was formed for the purpose of providing Vocational education opportunities to the students of the member school districts, which includes the students of the Batavia Local School District. The School District has neither ongoing financial interest in nor responsibility for the Joint Vocational School. To obtain financial information, write to the Great Oaks Joint Vocational School, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

### **13. INSURANCE PURCHASING POOLS**

#### *Ohio School Boards Association Workers' Compensation Group Rating Plan*

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

#### *The Clermont County Health Trust*

The Clermont County Health Trust (the Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator, McElroy Minister, which in turns buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit of its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from the Clermont County Health Trust at P. O. Box 526, Middletown, Ohio 45042.

### **14. CONTINGENCIES**

#### **Grants**

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

#### **Litigation**

Litigation was filed over two years ago by the union who represents the bus drivers challenging the School District's decision to subcontract transportation services with a private carrier. The Ohio Supreme Court found the School District's action in subcontracting this work to be illegal and ordered the reinstatement of the employees with a determination as to back pay. The parties have filed briefs with the Court of Appeals on the back pay issue. Since the affected employees suffered very little or no loss in wages and benefits, management expects a favorable outcome. The ultimate resolution cannot be determined but estimated exposure would range from \$50,000 to \$100,000.

## 15. REQUIRED SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 1999	\$ -	-	130,885	130,885
Current year set-aside requirement	265,737	265,737	88,579	620,053
Less qualifying disbursements	<u>288,937</u>	<u>704,527</u>	-	<u>993,464</u>
Total	<u>(23,200)</u>	<u>(438,790)</u>	<u>219,464</u>	
Cash balance carried forward to FY 2001	<u>-</u>	<u>-</u>	<u>219,464</u>	
Total restricted assets			\$ <u>219,464</u>	

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts may be used to reduce the set aside requirements of future years. However, the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

## 16. SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 2000, the School District received \$4,136,372 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the State General

Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the State's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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



**BATAVIA LOCAL SCHOOL DISTRICT**

Schedule of Prior Audit Findings

For the Year Ended June 30, 2000

The prior audit disclosed no instances of noncompliance that were required to be reported in accordance with *Government Auditing Standards* or noncompliance with requirements of major federal programs. In addition, no reportable conditions or material weaknesses with respect to internal controls over financial reporting or internal controls over compliance were reported in the prior year.

**BATAVIA LOCAL SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2000

<u>Federal Grantor/Program Title</u>	<u>Pass-through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-cash Receipts</u>	<u>Disbursements</u>	<u>Non-cash Disbursements</u>
<u>U.S. Department of Agriculture:</u>						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution	n/a	10.550	\$ -	40,090	-	40,090
National School Lunch Program	03-PU-00	10.555	<u>92,350</u>	-	<u>92,350</u>	-
Total U.S. Department of Agriculture			<u>92,350</u>	<u>40,090</u>	<u>92,350</u>	<u>40,090</u>
<u>U.S. Department of Health and Human Services:</u>						
(Passed through Ohio Department of Education)						
Dependent Care Plan	DC-S1-00	93.673	<u>5,000</u>	-	<u>5,000</u>	-
Total U.S. Department of Health and Human Services			<u>5,000</u>	-	<u>5,000</u>	-
<u>U.S. Department of Education:</u>						
(Passed through Ohio Department of Education)						
Grants to Local Education Agencies (ESEA Title I)	CI-S1-00	84.010	270,653	-	257,774	-
Special Education Grants to States (IDEA Part B)	6B-SF-00	84.027	86,199	-	86,199	-
Class Size Reduction	CR-S1-00	84.340	39,385	-	17,549	-
Eisenhower Professional Development Grant	MS-S1-00	84.281	8,001	-	7,705	-
Innovative Education Program Strategy - Title VI	C2-S1-00	84.298	9,621	-	6,561	-
Drug Free Schools	DR-S1-00	84.186	<u>7,186</u>	-	<u>7,186</u>	-
Total U.S. Department of Education			<u>421,045</u>	-	<u>382,974</u>	-
Total Federal Awards			\$ <u>518,395</u>	<u>40,090</u>	<u>480,324</u>	<u>40,090</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The schedule of expenditures of federal awards is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C - MATCHING REQUIREMENTS**

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

Clark, Schaefer, Hackett & Co.  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education  
Batavia Local School District:

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

Compliance

As part of obtaining reasonable assurance about whether the Batavia Local School 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Batavia Local School 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 operations that we consider to be material weaknesses.

This report is intended for the information of management, the 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 those specified parties.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
October 20, 2000

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

To the Board of Education  
Batavia Local School District:

Compliance

We have audited the compliance Batavia Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Batavia Local School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Batavia Local School District's compliance with those requirements 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 School District's compliance with those requirements.

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

Internal Control Over Compliance

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

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

This report is intended for the information of management, the 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.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
October 20, 2000

**BATAVIA LOCAL SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2000

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal Control over major programs:	
Material weakness(es) identified?	none
Reportable condition(s) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	none
Identification of major programs:	
CFDA 84.010 Grants to Local Education Agencies (ESEA Title I)	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**BATAVIA LOCAL SCHOOL DISTRICT**

**CLERMONT 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 26, 2000**