
**CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
CARDINGTON, OHIO
FINANCIAL STATEMENTS
JUNE 30, 1999**



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CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Education
Cardington Lincoln Local School District
Morrow County
Cardington, OH 43315

We have reviewed the Independent Auditor's Report of the Cardington Lincoln Local School District, Morrow County, prepared by Holbrook & Manter LLP, for the audit period July 1, 1998 through June 30, 1999. 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 Cardington Lincoln Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

February 1, 2000



HOLBROOK & MANTER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Cardington-Lincoln Local School District
Morrow County
Cardington, OH 43315

We have audited the accompanying general-purpose financial statements of Cardington-Lincoln Local School District, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of Cardington-Lincoln Local School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

Government Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. Cardington-Lincoln Local School District has included such disclosures in Note 21. Because of the unprecedented nature of the year 2000 issue, its effects on the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Cardington-Lincoln Local District's disclosures with respect to the year 2000 issue made in Note 21. Further, we do not provide assurance that Cardington-Lincoln Local School District is or will be year 2000 ready, that Cardington-Lincoln Local School District's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Cardington-Lincoln Local School District does business will be year 2000 ready.

In our opinion, except for the effects on the financial statements of such adjustments, if any, as might have been determined had we been able to examine sufficient evidence supporting the Year 2000 disclosures, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Cardington-Lincoln Local School District as of June 30, 1999, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 1999 on our consideration of Cardington-Lincoln Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements 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 of Cardington-Lincoln Local School District. 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.

Holbrook & Manter, LLP

Certified Public Accountants

December 28, 1999
Marion, Ohio

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	<u>GOVERNMENTAL FUND TYPES</u>				<u>PROPRIETARY FIDUCIARY FUND TYPES</u>			<u>ACCOUNT GROUPS</u>			<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>ENTERPRISE</u>	<u>TRUST AND AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG TERM DEBT</u>	<u>(MEMO) (ONLY)</u>	<u>1999</u>	
ASSETS AND OTHER DEBITS:-											
ASSETS:-											
Equity in pooled cash and cash equivalents	\$ 687,299	\$ 325,191	\$ 308,958	\$ 143,671	\$ 27,425	\$ 51,571	\$ 0	\$ 0	\$ 0	\$ 1,544,115	
Receivables:-											
Property taxes	1,054,360	21,167	210,594	39,976	0	0	0	0	0	1,326,097	
Accounts	1,451	1,535	0	0	1,675	300	0	0	0	4,961	
Intergovernmental	66,187	0	0	0	13,804	0	0	0	0	79,991	
Accrued Interest	390	0	0	0	0	0	0	0	0	390	
Interfund	18,987	958	0	0	0	0	0	0	0	19,945	
Prepaid Items	43,080	2,069	0	0	2,296	0	0	0	0	47,445	
Inventory for resale	0	0	0	0	8,587	0	0	0	0	8,587	
Materials and supplies inventory	9,844	0	0	0	931	0	0	0	0	10,775	
Restricted assets:-											
Equity in pooled cash and cash equivalents	88,316	0	0	0	0	0	0	0	0	88,316	
Fixed assets (net, where applicable, of accumulate depreciation)	0	0	0	0	23,491	0	6,129,135	0	0	6,152,626	
OTHER DEBITS:-											
Amount available in Debt Service Fund											
Fund for Retirement of General Obligation Debt	0	0	0	0	0	0	0	0	349,248	349,248	
Amount to be provided from General Government Resources	0	0	0	0	0	0	0	2,251,576	0	2,251,576	
Total assets and other debits	<u>\$ 1,969,914</u>	<u>\$ 350,920</u>	<u>\$ 519,552</u>	<u>\$ 183,647</u>	<u>\$ 78,209</u>	<u>\$ 51,871</u>	<u>\$ 6,129,135</u>	<u>\$ 2,600,824</u>	<u>\$ 11,884,072</u>	<u>(Continued)</u>	

See Accompanying Notes to the General Purpose Financial Statements.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				CAPITAL PROJECT	ENTERPRISE	FIDUCIARY FUND TYPES		ACCOUNT GROUPS		TOTALS 1999 (MEMO) (ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	DEBT			TRUST AND AGENCY	GENERAL	FIXED ASSETS	LONG TERM DEBT		
LIABILITIES, FUND EQUITY AND OTHER CREDITS:-												
LIABILITIES:-												
Accounts payable	\$ 39,524	\$ 18,815	\$ 0	\$ 1,264	\$ 1,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,948		
Accrued wages and benefits	432,946	38,516	0	0	17,937	0	0	0	0	489,399		
Compensated absences payable	34,387	0	0	0	6,273	0	0	313,668	0	354,328		
Intergovernmental payable	222,329	6,936	0	0	10,957	0	0	53,719	0	293,941		
Interfund payable	0	16,173	0	3,772	0	0	0	0	0	19,945		
Deferred revenues	865,967	18,309	170,304	31,779	8,298	0	0	0	0	1,084,657		
Due to students	0	0	0	0	0	21,771	0	0	0	21,771		
Undistributed assets	0	0	0	0	0	888	0	0	0	888		
Asbestos loan payable	0	0	0	0	0	0	0	43,437	0	43,437		
General obligation bonds payable	0	0	0	0	0	0	0	2,190,000	0	2,190,000		
Total liabilities	1,595,153	98,749	170,304	36,815	44,810	22,659	0	2,600,824	0	4,569,314		
FUND EQUITY AND OTHER CREDITS:-												
Investment in General Fixed Assets	0	0	0	0	0	0	0	6,129,135	0	6,129,135		
Retained earnings:-												
Unreserved	0	0	0	0	33,399	0	0	0	0	33,399		
Fund balance:-												
Reserved for property taxes	144,512	2,177	32,405	6,578	0	0	0	0	0	185,672		
Reserved for inventory	9,844	0	0	0	0	0	0	0	0	9,844		
Reserved for budget stabilization	63,303	0	0	0	0	0	0	0	0	63,303		
Reserved for bus purchase	25,013	0	0	0	0	0	0	0	0	25,013		
Reserved for encumbrances	110,855	29,863	0	30,046	0	2,563	0	0	0	173,327		
Unreserved	21,234	220,131	316,843	110,208	0	26,649	0	0	0	695,065		
Total fund equity and other credits	374,761	252,171	349,248	146,832	33,399	29,212	0	6,129,135	0	7,314,758		
Total liabilities, fund equity and other credits	\$ 1,969,914	\$ 350,920	\$ 519,552	\$ 183,647	\$ 78,209	\$ 51,871	\$ 6,129,135	\$ 2,600,824	\$ 11,884,072			

See Accompanying Notes to the General Purpose Financial Statements.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				FIDUCIARY	TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	FUND TYPES EXPENDABLE TRUST	(MEMO) ONLY
REVENUES:-						
Property taxes	\$ 1,130,149	\$ 25,410	\$ 244,608	\$ 45,586	\$ 0	\$ 1,445,753
Payment in lieu of taxes	59,105	0	0	0	0	59,105
Intergovernmental	4,317,869	531,355	27,420	166,904	0	5,043,548
Interest	29,294	2,723	0	0	1,226	33,243
Tuition and fees	7,344	0	0	0	0	7,344
Extracurricular activities	0	160,988	0	0	0	160,988
Gift and donations	0	5,426	0	0	6,500	11,926
Miscellaneous	10,651	4,000	0	0	0	14,651
Total revenues	<u>5,554,412</u>	<u>729,902</u>	<u>272,028</u>	<u>212,490</u>	<u>7,726</u>	<u>6,776,558</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	2,367,843	213,880	0	21,518	0	2,603,241
Special	262,275	229,559	0	0	0	491,834
Vocational	196,154	0	0	0	0	196,154
Other	304,874	0	0	0	5,715	310,589
Supporting services:-						
Pupils	148,322	48	0	0	0	148,370
Instructional staff	96,963	67,173	0	0	0	164,136
Board of Education	22,151	0	0	0	1,500	23,651
Administration	524,735	79,067	0	0	0	603,802
Fiscal	186,379	3,168	0	0	0	189,547
Operation & maintenance - plant	629,089	12,833	0	34,332	0	676,254
Pupil transportation	402,013	0	0	0	0	402,013
Non-instructional services	17,885	0	0	0	0	17,885
Extracurricular activities	109,530	82,613	0	0	0	192,143
Capital outlay	0	0	0	68,112	0	68,112
Debt service:-						
Principal retirement	5,000	0	70,000	0	0	75,000
Interest and fiscal charges	0	0	152,313	0	0	152,313
Total expenditures	<u>5,273,213</u>	<u>688,341</u>	<u>222,313</u>	<u>123,962</u>	<u>7,215</u>	<u>6,315,044</u>
Excess of revenues over (under) expenditures	<u>281,199</u>	<u>41,561</u>	<u>49,715</u>	<u>88,528</u>	<u>511</u>	<u>461,514</u>
OTHER FINANCING SOURCES (USES):-						
Operating transfers in	0	0	0	3,098	0	3,098
Operating transfers out	(3,098)	0	0	0	0	(3,098)
Total other financing sources (uses)	<u>(3,098)</u>	<u>0</u>	<u>0</u>	<u>3,098</u>	<u>0</u>	<u>0</u>
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	278,101	41,561	49,715	91,626	511	461,514
Fund balances at beginning of year	92,048	210,610	299,533	55,206	28,701	686,098
Increase in reserve for inventory	4,612	0	0	0	0	4,612
Fund balances at end of year	<u>\$ 374,761</u>	<u>\$ 252,171</u>	<u>\$ 349,248</u>	<u>\$ 146,832</u>	<u>\$ 29,212</u>	<u>\$ 1,152,224</u>

See Accompanying Notes to the General Purpose Financial Statements

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
JUNE 30, 1999

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:-						
Property taxes	\$ 1,075,248	\$ 1,075,248	\$ 0	\$ 21,734	\$ 21,734	\$ 0
Payment in lieu of taxes	41,991	41,991	0	0	0	0
Intergovernmental	4,318,311	4,318,311	0	510,454	531,357	20,903
Interest	25,893	27,305	1,412	2,560	2,560	0
Tuition and fees	6,530	6,530	0	0	0	0
Extracurricular activities	0	0	0	161,461	161,384	(77)
Gift and donations	0	0	0	5,426	5,426	0
Miscellaneous	2,602	2,602	0	0	0	0
Total revenues	<u>5,470,575</u>	<u>5,471,987</u>	<u>1,412</u>	<u>701,635</u>	<u>722,461</u>	<u>20,826</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	2,507,129	2,386,711	120,418	341,624	286,791	54,833
Special	273,079	268,772	4,307	298,695	228,596	70,099
Vocational	193,267	188,325	4,942	0	0	0
Other	235,848	195,806	40,042	0	0	0
Supporting services:-						
Pupils	149,125	144,291	4,834	200	0	200
Instructional staff	98,510	90,792	7,718	67,705	66,573	1,132
Board of Education	24,835	24,245	590	0	0	0
Administration	529,227	515,700	13,527	105,160	81,395	23,765
Fiscal	193,678	193,305	373	3,168	3,168	0
Operation & maintenance - plant	670,935	647,693	23,242	21,633	21,478	155
Pupil transportation	453,834	400,378	53,456	0	0	0
Non-instructional services	30,254	22,575	7,679	0	0	0
Extracurricular activities	107,842	106,864	978	94,760	94,210	550
Capital outlay	0	0	0	0	0	0
Debt service:						
Principal retirement	5,000	5,000	0	0	0	0
Interest and fiscal charges	0	0	0	0	0	0
Total expenditures	<u>5,472,563</u>	<u>5,190,457</u>	<u>282,106</u>	<u>932,945</u>	<u>782,211</u>	<u>150,734</u>
Excess of revenues over (under) expenditures	<u>(1,988)</u>	<u>281,530</u>	<u>283,518</u>	<u>(231,310)</u>	<u>(59,750)</u>	<u>171,560</u>
Other financing sources:-						
Refund of prior year expenditures	698	698	0	0	0	0
Other financing sources	2,169	2,169	0	4,000	4,000	0
Advances in	0	9,094	9,094	16,173	16,173	0
Advances out	(18,987)	(18,987)	0	0	0	0
Operating transfers in	0	0	0	0	0	0
Operating transfers out	(3,098)	(3,098)	0	0	0	0
Total other financing sources (uses)	<u>(19,218)</u>	<u>(10,124)</u>	<u>9,094</u>	<u>20,173</u>	<u>20,173</u>	<u>0</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(21,206)</u>	<u>271,406</u>	<u>292,612</u>	<u>(211,137)</u>	<u>(39,577)</u>	<u>171,560</u>
Fund balances at beginning of year	194,543	194,543	0	152,070	152,070	0
Prior year encumbrances appropriated	<u>163,341</u>	<u>163,341</u>	<u>0</u>	<u>164,031</u>	<u>164,031</u>	<u>0</u>
Fund balances at end of year	<u>\$ 336,678</u>	<u>\$ 629,290</u>	<u>\$ 292,612</u>	<u>\$ 104,964</u>	<u>\$ 276,524</u>	<u>\$ 171,560</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS - CONTINUED
JUNE 30, 1999

	DEBT SERVICE FUND			CAPITAL PROJECT FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:-						
Property taxes	\$ 239,571	\$ 229,571	\$ 0	\$ 40,754	\$ 40,754	\$ 0
Payment in lieu of taxes	0	0	0	0	0	0
Intergovernmental	27,420	27,420	0	167,862	167,862	0
Interest	0	0	0	0	0	0
Tuition and fees						
Extracurricular activities	0	0	0	0	0	0
Gift and donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total revenues	<u>266,991</u>	<u>266,991</u>	<u>0</u>	<u>208,616</u>	<u>208,616</u>	<u>0</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	0	0	0	126,104	108,465	17,639
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
Supporting services:-						
Pupils	0	0	0	0	0	0
Instructional staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	5,620	0	5,620
Fiscal	0	0	0	0	0	0
Operation & maintenance - plant	0	0	0	39,604	34,332	5,272
Pupil transportation	0	0	0	0	0	0
Non-instructional services	0	0	0	0	0	0
Extracurricular activities	0	0	0	0	0	0
Capital outlay	0	0	0	50,000	11,211	38,789
Debt service:-						
Principal retirement	80,000	70,000	10,000	0	0	0
Interest and fiscal charges	<u>170,000</u>	<u>152,313</u>	<u>17,687</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>250,000</u>	<u>222,313</u>	<u>27,687</u>	<u>221,328</u>	<u>154,008</u>	<u>67,320</u>
Excess of revenues over (under) expenditures	16,991	44,678	27,687	(12,712)	54,608	67,320
Other financing sources:-						
Refund of prior year expenditures	0	0	0	0	0	0
Other financing sources	0	0	0	0	0	0
Advances in	4,603	4,603	0	2,822	2,822	0
Advances out	(9,102)	(9,102)	0	(4,603)	(4,603)	0
Operating transfers in	0	0	0	3,098	3,098	0
Operating transfers out	0	0	0	0	0	0
Total other financing sources (uses)	<u>(4,499)</u>	<u>(4,499)</u>	<u>0</u>	<u>1,317</u>	<u>1,317</u>	<u>0</u>
Excess of revenue and other financing sources over (under) expenditures and other financing uses	12,492	40,179	27,687	(11,395)	55,925	67,320
Fund balances at beginning of year	268,779	268,779	0	49,946	49,946	0
Prior year encumbrances appropriated	0	0	0	6,490	6,490	0
Fund balances at end of year	<u>\$ 281,271</u>	<u>\$ 308,958</u>	<u>\$ 27,687</u>	<u>\$ 45,041</u>	<u>\$ 112,361</u>	<u>\$ 67,320</u>

(Continued)

See Accompanying Notes to the General Purpose Financial Statements.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BASIS)
ALL GOVERNMENTAL FUND TYPES - CONTINUED
JUNE 30, 1999

	EXPENDABLE TRUST FUND			TOTALS (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:-						
Property taxes	\$ 0	\$ 0	\$ 0	\$ 1,377,307	\$ 1,377,307	\$ 0
Payment in lieu of taxes	0	0	0	41,991	41,991	0
Intergovernmentals	0	0	0	5,024,047	5,044,950	20,903
Interest	1,158	1,158	0	29,611	31,023	1,412
Tuition and fees	0	0	0	6,530	6,530	0
Extracurricular activities	0	0	0	161,461	161,384	(77)
Gift and donations	9,200	9,200	0	14,626	14,626	0
Miscellaneous	0	0	0	2,602	2,602	0
Total revenues	<u>10,358</u>	<u>10,358</u>	<u>0</u>	<u>6,658,175</u>	<u>6,680,413</u>	<u>22,238</u>
EXPENDITURES:-						
Current:-						
Instruction:-						
Regular	0	0	0	2,974,857	2,781,967	192,890
Special	0	0	0	571,774	497,368	74,406
Vocational	0	0	0	193,267	188,325	4,942
Other	9,778	6,778	3,000	245,626	202,584	43,042
Supporting services:-						
Pupils	0	0	0	149,325	144,291	5,034
Instructional staff	0	0	0	166,215	157,365	8,850
Board of Education	3,000	3,000	0	27,835	27,245	590
Administration	0	0	0	640,007	597,095	42,912
Fiscal	0	0	0	196,846	196,473	373
Operation & maintenance - plant	0	0	0	732,172	703,503	28,669
Pupil transportation	0	0	0	453,834	400,378	53,456
Non-instructional services	0	0	0	30,254	22,575	7,679
Extracurricular activities	0	0	0	202,602	201,074	1,528
Capital outlay	0	0	0	50,000	11,211	38,789
Debt service:-						
Principal retirement	0	0	0	85,000	75,000	10,000
Interest and fiscal charges	0	0	0	170,000	152,313	17,687
Total expenditures	<u>12,778</u>	<u>9,778</u>	<u>3,000</u>	<u>6,889,614</u>	<u>6,358,767</u>	<u>530,847</u>
Excess of revenues over (under) expenditures	(2,420)	580	3,000	(231,439)	321,646	553,085
Other financing sources:-						
Refund of prior year expenditures	0	0	0	698	698	0
Other financing sources	0	0	0	6,169	6,169	0
Advances in	0	0	0	23,598	32,692	(9,094)
Advances out	0	0	0	(32,692)	(32,692)	0
Operating transfers in	0	0	0	3,098	3,098	0
Operating transfers out	0	0	0	(3,098)	(3,098)	0
Total other financing sources (uses)	0	0	0	(2,227)	6,867	9,094
Excess of revenue and other financing sources over (under) expenditures and other financing uses	(2,420)	580	3,000	(233,666)	328,513	562,179
Fund balances at beginning of year	22,423	22,423	0	687,761	687,761	0
Prior year encumbrances appropriated	3,278	3,278	0	337,140	337,140	0
Fund balances at end of year	<u>\$ 23,281</u>	<u>\$ 26,281</u>	<u>\$ 3,000</u>	<u>\$ 791,235</u>	<u>\$ 1,353,414</u>	<u>\$ 562,179</u>

See Accompanying Notes to the General Purpose Financial Statements.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 1999

	<u>ENTERPRISE FUNDS</u>
OPERATING REVENUES:-	
Sales	\$ 165,735
OPERATING EXPENSES:-	
Salaries	93,638
Fringe benefits	36,239
Purchased services	2,389
Materials and supplies	461
Cost of sales	142,128
Depreciation	<u>2,505</u>
Total operating expenses	<u>277,360</u>
Operating loss	<u>(111,625)</u>
NON-OPERATING REVENUES:-	
Federal donated commodities	27,067
Operating grants	81,082
Interest	<u>131</u>
Total non-operating revenue	<u>108,280</u>
Net loss	<u>(3,345)</u>
Retained earnings at beginning of year	<u>36,744</u>
Retained earnings at end of year	<u>\$ 33,399</u>

See Accompanying Notes to the General Purpose Financial Statements

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 1999

	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:-			
Sales	\$ 164,514	\$ 164,514	\$ 0
Operating grants	67,278	67,278	0
Interest	<u>106</u>	<u>106</u>	<u>0</u>
Total revenues	<u>231,898</u>	<u>231,898</u>	<u>0</u>
EXPENSES:-			
Salaries	89,093	89,093	0
Fringe benefits	36,684	36,502	182
Purchased services	2,720	2,370	350
Materials and supplies	<u>121,747</u>	<u>119,616</u>	<u>2,131</u>
Total expenses	<u>250,244</u>	<u>247,581</u>	<u>2,663</u>
Excess of revenues under expenses	(18,346)	(15,683)	2,663
Fund balances at beginning of year	37,107	37,107	0
Prior year encumbrances appropriated	<u>1,047</u>	<u>1,047</u>	<u>0</u>
Fund balances at end of year	<u>\$ 19,808</u>	<u>\$ 22,471</u>	<u>\$ 2,663</u>

See Accompanying Notes to the General Purpose Financial Statements

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES:-	
Cash received from customers	\$ 164,514
Cash payments for salaries	(89,093)
Cash payments for fringe benefits	(36,502)
Cash payments for suppliers for goods and services	<u>(117,057)</u>
Net cash used for operating activities	<u>(78,138)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:-	
Cash received from operating grants	<u>67,278</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:-	
Cash received from interest	<u>131</u>
Net decrease in cash and cash equivalents	(10,729)
Cash and cash equivalents at beginning of year	<u>38,154</u>
Cash and cash equivalents at end of year	<u>\$ 27,425</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:-	
Operating loss	\$(111,625)
Adjustments to reconcile operating loss to net cash used for operating activities:-	
Depreciation	2,505
Donated commodities used during year	27,067
Changes in assets and liabilities:-	
Increase in accounts receivable	(1,206)
Increase in prepaid items	(217)
Decrease in inventory held for resale	265
Increase in materials and supplies inventory	(208)
Increase in accounts payable	853
Increase in accrued wages and benefits	3,011
Increase in compensated absences payable	2,172
Decrease in intergovernmental payable	<u>(755)</u>
Net cash used for operating activities	<u>\$(78,138)</u>

See Accompanying Notes to the General Purpose Financial Statements

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:-

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

The District was established in 1840. The District serves an area of approximately eighty-five square miles and is located in Marion and Morrow Counties. The District is the 442nd largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by fifty-one classified employees, seventy-four certified teaching personnel, and four administrative employees who provide services to 1,216 students and other community members. The District currently has one elementary school, one middle and high school, and one administrative building.

A. Reporting Entity

The reporting entity is composed of the primary government, components 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 Cardington-Lincoln Local School District, this includes general operations, food service and student related activities of the District.

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

The District is associated with three jointly governed organizations, one insurance pool and one related organization. These organizations are the Tri-Rivers Educational Computer Association (TRECA), the Tri-Rivers Joint Vocational School, the Cardington Community Joint Recreation Board, the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Cardington Public Library. Information about these organizations is presented in Notes 17, 18 and 19 to the combined financial statements.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

The financial statements of the Cardington-Lincoln Local School District (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 applied Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

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

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

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 required to be 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 the State of Ohio.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt 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 and trust funds).

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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 - The Enterprise Funds are used to account for the operations 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 revenue 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 District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as a governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The District does not have any nonexpendable trust 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 used to account for all fixed assets of the District, other than those accounted for in proprietary funds 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 funds or trust funds.

B. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds 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 financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

The enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., 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 all Governmental Fund Types, Expendable Trust and Agency Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants and investment earnings.

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

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

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

C. Budgetary 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 appropriation resolution are subject to amendments through the year with legal restriction that appropriations cannot exceed estimated resources, as certified.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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.

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 Morrow 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 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 of the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

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 expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations with functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does 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, except agency funds, consistent with statutory provisions.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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 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 year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through 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 1999, the School District's investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$29,294, which includes \$14,074 assigned from other School 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.

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items by 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.

F. Inventories

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 materials 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.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization as well as the unexpended revenues restricted for the purchase of school buses.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction 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 respective 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 value 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 assets lives, 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 the estimated useful life of eight to twenty years.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables".

J. Compensated Absences

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

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

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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

K. 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 year end are considered not to have used current available 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.

L. 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 property taxes, inventories of materials and supplies, budget stabilization and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

M. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, 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.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

M. Intergovernmental Revenues (continued)

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Recycling
- Library Automation System
- Venture Capital
- Professional Development Block Grant
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- Family School Initiative Planning Grant
- Title VI-B
- Title I
- Title VI
- Goals 2000 Proficiency
- Raising the Bar
- Mini-Grant Continuing Improvement
- Goals 2000 Intervention

Capital Projects Funds

- ADA-Classroom Facilities
- School Net Plus
- Technology Equity Grant
- Textbooks/Instructional Materials

Reimbursable Grants

General Fund

- Driver Education

Proprietary Fund

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 74% of the School District's operating revenue during the 1999 fiscal year.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - Memo 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.

NOTE 3 - COMPLIANCE:-

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999.

<u>FUND TYPE/FUND</u>	<u>BALANCES</u>	<u>APPROPRIATIONS</u>	<u>EXCESS</u>
Special Revenue Funds:			
Venture Capital	\$ 39,581	\$ 39,781	\$ 200
Professional Development	13,320	13,620	300

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 4 - 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 Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP).

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

	<u>GOVERNMENTAL FUND TYPES</u>				<u>EXPENDABLE TRUST</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	
GAAP Basis	\$ 278,101	\$ 41,561	\$ 49,715	\$ 91,626	\$ 511
<u>Increase (Decrease) Due To:-</u>					
Revenues Accruals:					
Accrued FY 1998, received in cash FY 1999	177,785	1,804	26,159	3,365	3,000
Accrued FY 1999, not yet received in cash	(257,343)	(5,287)	(31,196)	(8,197)	(368)
Expenditure Accruals:					
Accrued FY 1998, paid in cash FY 1999	(498,226)	(108,856)	0	0	0
Accrued FY 1999, not yet paid in cash	728,352	64,040	0	2,222	0
Prepaid items	(2,801)	(508)	0	0	0
Advances in	9,094	16,173	4,603	2,822	0
Advances out	(18,987)	0	(9,102)	(4,603)	0
Encumbrances outstanding at year end (budget basis)	(144,569)	(48,504)	0	(31,310)	(2,563)
Budget basis	<u>\$ 271,406</u>	<u>\$ (39,577)</u>	<u>\$ 40,179</u>	<u>\$ 55,925</u>	<u>\$ (580)</u>

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:- (continued)

Net Loss/Excess of Revenues Under Expenses
Enterprise Funds

GAAP Basis	\$(3,345)
<u>Increase (Decrease) Due To:-</u>	
Revenue Accruals:	
Accrued FY 1998, received in Cash FY 1999	429
Accrued FY 1999, not yet received in cash	(15,479)
Expense Accruals:	
Accrued FY 1998, paid in Cash FY 1999	(31,191)
Accrued FY 1999, not yet paid in cash	36,487
Prepaid items	(217)
Inventory held for resale	265
Materials and supplies inventory	(208)
Depreciation expense	2,505
Encumbrances outstanding at year end (Budget Basis)	(4,929)
Budget basis	<u>\$(15,683)</u>

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 5 - 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 as 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.

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

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

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Ban, 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 above under (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).

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the District's deposits was \$1,632,431 and the bank balance was \$1,709,810. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,509,810 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 6 - PROPERTY TAX:-

Property taxes are levied, assessed and collected 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 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 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 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.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 6 - PROPERTY TAX:- (continued)

The District received property taxes from Marion and Morrow Counties. The Counties' Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 1999 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, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$144,512 in the General Fund, \$2,177 in the Classroom Facilities special revenue fund, \$32,405 in the Bond Retirement debt service fund and \$6,578 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 1998 was \$133,492 in the General Fund, \$35,253 in the Bond Retirement debt service and \$3,365 in the Permanent Improvement capital projects Fund.

Accrued property taxes receivable also includes amounts for any late settlements made by the Counties. For fiscal year 1999, this amount equaled \$43,881 in the General Fund, \$681 in the Classroom Facilities special revenue fund, \$7,885 in the Bond Retirement debt service fund and \$1,619 in the Permanent Improvement capital projects fund.

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

	<u>1998 SECOND- HALF COLLECTIONS</u>		<u>1999 FIRST- HALF COLLECTIONS</u>	
	<u>AMOUNT</u>	<u>PERCENT</u>	<u>AMOUNT</u>	<u>PERCENT</u>
Agricultural/residential	\$38,368,860	73.40%	\$41,033,130	72.89%
Industrial/commercial	4,894,430	9.36%	3,637,690	6.46%
Public utility	7,119,550	13.62%	7,641,320	13.57%
Tangible personal property	<u>1,890,735</u>	<u>3.62%</u>	<u>3,986,810</u>	<u>7.08%</u>
Total assessed value	<u>\$52,273,575</u>	<u>100.00%</u>	<u>\$56,298,950</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$ 33.39		\$ 33.39

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 7 - RECEIVABLES:-

Receivables at June 30, 1999, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental grants and interfund receivables. 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 guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30, 1999 were \$4,961.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund	
Village of Cardington	\$ 59,105
Mt. Gilead EVSD	6,761
Tri-Rivers JVS	250
Morrow County ESC	<u>71</u>
Total General Fund	<u>66,187</u>
Enterprise Fund:	
Food Service	<u>13,804</u>
Total Intergovernmental Receivables	<u>\$ 79,991</u>

NOTE 8 - FIXED ASSETS:-

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

Furniture and equipment	\$ 158,404
Less accumulated depreciation	<u>(134,913)</u>
Net fixed assets	<u>\$ 23,491</u>

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

<u>ASSET CATEGORY</u>	<u>BALANCE AT</u> <u>6-30-98</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE AT</u> <u>6-30-99</u>
Land and improvements	\$ 114,735	\$ 0	\$ 0	\$ 114,735
Buildings and improvements	2,610,000	0	0	2,610,000
Furniture, fixtures and equipment	1,998,555	194,872	43,366	2,150,061
Books	501,923	0	0	501,923
Vehicles	<u>694,112</u>	<u>58,304</u>	<u>0</u>	<u>752,416</u>
Total	<u>\$ 5,919,325</u>	<u>\$ 253,176</u>	<u>\$ 43,366</u>	<u>\$ 6,129,135</u>

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 9 - INTERFUND ASSETS/LIABILITIES:-

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

<u>FUND TYPE/FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 18,987	\$ 0
Special Revenue Funds;-		
Classroom Facilities Maintenance	958	0
Title I	<u>0</u>	<u>16,173</u>
Total Special Revenue Funds	<u>958</u>	<u>16,173</u>
Capital Projects Funds;-		
ADA - Classroom Facilities	0	2,814
Textbook/Instructional Materials	<u>0</u>	<u>958</u>
Total Capital Projects Funds	<u>0</u>	<u>3,772</u>
Total all funds	<u>\$ 19,945</u>	<u>\$ 19,945</u>

NOTE 10 - RISK MANAGEMENT:-

The District is exposed to various risks of loss to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 1999, the District contracted for the following insurance coverage:

Coverages provided by Nationwide Insurance are as follows:

Total Policy Coverage - includes the following:

Building and contents - replacement cost (\$500 deductible)	\$16,918,900
Inland Marine Coverage (\$500 deductible)	
Boiler and Machinery (\$1,000 deductible)	
Automobile Liability	2,000,000
Uninsured Motorist	2,000,000
Medical Payments - per person	3,000
General School District Liability	
Per Occurrence	1,000,000
Total per year	5,000,000

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

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 10 - RISK MANAGEMENT:- (continued)

For fiscal year 1999 the District participated in the Ohio School Boards Association Workers' Compensation Group Rating (WCGRP), an insurance purchasing pool. The intent of the WCGRP 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 WCGRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied at all school districts in the WCGRP. Each participant pays its workers' compensation premium to the State based on the rate of the WCGRP 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 WCGRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the WCGRP. Participation in the WCGRP is limited to school districts that can meet the WCGRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the WCGRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS:-

A. School Employees Retirement System

The Cardington-Lincoln Local 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 9.3 percent of their annual covered salary and the Cardington-Lincoln Local School District is required to contribute 14 percent; 6 percent was the portion to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. 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 School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$161,527, \$263,081 and \$249,004, respectively; 81.95 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$29,155, is recorded as a liability within the respective funds.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS:- (continued)

B. 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 administered by the School Employees Retirement Board. SERS provides retirement benefits and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issue a publicly available financial report that includes financial statements and required supplementary information for STRS. 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 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; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$58,134, \$58,692 and \$61,727, respectively; 43.81 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$32,668, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

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

NOTE 12 - 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 classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physician's 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 cost 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 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$215,369 during fiscal year 1999.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 12 - POSTEMPLOYMENT BENEFITS:- (continued)

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

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, 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, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$64,804 for fiscal year 1999.

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

NOTE 13 - EMPLOYEE BENEFITS:-

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from board policy, negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for school personnel. Upon retirement, payment is made for 27 percent of their accrued, but unused sick leave credit to a maximum of 54 days.

B. Insurance Benefits

The District offered life insurance and accidental death dismemberment insurance to all employees through Medical Life Insurance Company. The District offered employee medical/surgical benefits through Medical Mutual of Ohio. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental insurance is offered by the District to all employees through Medical Mutual of Ohio.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 14- LONG-TERM OBLIGATIONS:-

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

	BALANCE AT <u>6-30-98</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE AT <u>6-30-99</u>
Asbestos loan				
1991 0.00%	\$ 48,437	\$ 0	\$ 5,000	\$ 43,437
School Building Bonds				
1992 7.50%	<u>2,260,000</u>	<u>0</u>	<u>70,000</u>	<u>2,190,000</u>
Total long-term obligations	<u>2,308,437</u>	<u>0</u>	<u>75,000</u>	<u>2,233,437</u>
Compensated absences	288,307	25,361	0	313,668
Intergovernmental payables	<u>50,687</u>	<u>53,719</u>	<u>50,687</u>	<u>53,719</u>
Total general long-term obligations	<u>\$2,647,431</u>	<u>\$ 79,080</u>	<u>\$ 125,687</u>	<u>\$2,600,824</u>

1991 Asbestos Loan - On April 20, 1991, the District obtained a loan in the amount of \$85,937 for the purpose of removing asbestos. The loan was obtained under the authority of Ohio Revised Code Section 3317.22 for a seventeen year period, with final maturity in fiscal year 2008. The loan is being retired through the General Fund.

1992 School Building Bonds - On May 1, 1992, the District issued \$2,610,000 in voted general obligation bonds for the purpose of improving and constructing school buildings and facilities. The bond issue included serial and term bonds, in the amount of \$680,000 and \$1,930,000, respectively. The bonds were issued for a twenty-three fiscal year period, with final maturity in fiscal year 2015.

The term bonds maturing on December 1, 2013, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>YEAR</u>	<u>AMOUNT</u>
2002	\$ 95,000
2003	100,000
2004	110,000
2005	120,000
2006	125,000
2007	135,000
2008	145,000
2009	155,000
2010	165,000
2011	170,000
2012	190,000
2013	200,000

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 14- LONG-TERM OBLIGATIONS:- (continued)

Serial bonds maturing after December 1, 2001, are subject to redemption at the sole option of the School District either in whole or in part, on any date on or after December 1, 2001, in integral multiples of \$5,000, at the following redemption prices, plus accrued interest to the redemption date:

<u>REDEMPTION DATES</u> <u>(DATES INCLUSIVE)</u>	<u>REDEMPTION</u> <u>PRICES</u>
December 1, 2001 through November 30, 2002	102%
December 1, 2002 through November 30, 2003	101%
December 1, 2003 and thereafter	100%

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

The District's overall debt margin was \$3,226,154 with an unvoted debt margin of \$56,299 at June 30, 1999.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 1999, are as follows:

<u>FISCAL YEAR</u> <u>ENDING JUNE 30.</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 85,000	\$ 149,337	\$ 234,337
2001	90,000	142,538	232,538
2002	100,000	135,312	235,312
2003	100,000	127,380	227,380
2004	105,000	121,110	226,110
2005-2009	653,437	494,340	1,147,777
20010-20014	880,000	254,430	1,134,430
2015	<u>220,000</u>	<u>14,520</u>	<u>234,520</u>
	<u>\$ 2,233,437</u>	<u>\$ 1,438,967</u>	<u>\$ 3,672,404</u>

NOTE 15 - RESERVATIONS OF FUND BALANCE:-

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

The District also receives sources from the State of Ohio which are restricted by State law to the purchase of school buses. The balance of this allocation is also reflected as a reservation of fund balance in the General Fund at fiscal year end.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 15 - RESERVATIONS OF FUND BALANCE:- (continued)

The following cash basis information identified the changes in the fund balance reserves for textbooks, capital improvements and budget stabilization during fiscal year 1999 as well as the balance of the bus purchase allocation.

	<u>TEXTBOOKS</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>BUDGET STABILIZATION</u>	<u>TOTAL</u>
Balance June 30, 1998	\$ 0	\$ 0	\$ 28,476	\$ 28,476
Current year set aside requirement	69,653	69,653	34,827	174,133
Qualifying expenditures	(69,653)	(69,653)	0	(139,306)
Balance June 30, 1999	\$ 0	\$ 0	\$ 63,303	63,303
Amount restricted for bus purchase				<u>25,013</u>
Total restricted assets				<u>\$ 88,316</u>

Amounts of qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the District may have had additional qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

NOTE 16- SEGMENT INFORMATION FOR ENTERPRISE FUNDS:-

The District maintains two enterprise funds to account for the operations of food serve and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of Cardington-Lincoln Local School District as of and for the fiscal year ended June 30, 1999.

	<u>FOOD SERVICE</u>	<u>UNIFORM SCHOOL SUPPLIES FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating revenues	\$ 143,880	\$ 21,855	\$ 165,735
Depreciation expense	2,505	0	2,505
Operating income (loss)	(115,769)	4,144	(111,625)
Federal donated commodities	27,067	0	27,067
Operating grants	81,082	0	81,082
Net income (loss)	(7,389)	4,144	(3,245)
Net working capital	868	15,313	16,181
Total assets	62,293	15,916	78,209
Total equity	18,086	15,313	33,399
Encumbrances outstanding			
At year end (Budget Basis)	3,651	1,278	4,929

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS:-

A. Tri-Rivers Educational Computer Association

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA) which is a computer consortium. TRECA is an association of public school districts within the boundaries of Marion, Morrow, Delaware and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Rd., Marion, Ohio 43302.

B. Tri-Rivers Joint Vocational School

The Tri-Rivers Vocational School is a distinct political subdivision of the State of Ohio which provides vocational education. The Tri-Rivers Joint Vocational School operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Terril Martin, who serves as Treasurer, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

C. Cardington Community Joint Recreation Board

The District and the Village of Cardington participate in a Joint Recreation Board created under the provisions of Ohio Revised Code Sections 755.12 to 755.18. The Joint Recreation Board consists of two representatives from each participant and one appointed by the four members. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from Louine Mathews, who serves as Treasurer, P.O. Box 63, Cardington, Ohio 43315.

NOTE 18 - INSURANCE POOL:-

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 41223.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (WCGRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The WCGRP'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 plan. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the plan.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 19 - RELATED ORGANIZATION:-

Cardington Public Library

The Cardington 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 Cardington-Lincoln School District Board of Education. The Board of Trustees possess 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 for the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the propose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Cardington Public Library, Margaret May, Clerk/Treasurer, 209 South Marion Street, Cardington, Ohio 43315.

NOTE 20 - SCHOOL FOUNDATION PROGRAM:-

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$3,340,676 of school foundation support for its *General Fund*.

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

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

NOTE 21 - YEAR 2000 ISSUE:-

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary for conducting District operations. The District identified such systems as being financial reporting, payroll and employee benefits and educational statistics. Systems have not been remediated nor tested and validated by the District.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 21 – YEAR 2000 ISSUE:- (continued)

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems and for any costs associated with this project.

The State processes a significant amount of financial and non-financial information about the District through the State's Education Management and Information Systems (EMIS). Further, the State of Ohio distributes resources to the District in the form of "foundation payments" and federal and state grant payments. The State is responsible for remediating these systems and is solely responsible for any costs associated with EMIS system and processing foundation payments.

Morrow and Marion County collect property taxes for distribution to the District. The counties are responsible for remediating the tax collection system and are solely responsible for any costs associated with the tax collection systems.

Because of the unprecedented nature of Year 2000 Issue, its effects and success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is, or will be, year 2000 ready; that the District's remediation efforts will be successful in whole or in part; or that parties with whom the District does business will be year 2000 ready.

NOTE 22 - CONTINGENT LIABILITIES:-

A. 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, 1999.

B. Litigations

There are currently no matters in litigation with the District as defendant.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR</u>	<u>FEDERAL CFDA NUMBER</u>	<u>RECEIPTS</u>	<u>NON-CASH RECEIPTS</u>	<u>DISBURSE- MENTS</u>	<u>NON-CASH DISBURSE- MENTS</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:-</u>					
Pass-Through Ohio Department of Education					
Nutrition Cluster;					
Food Distribution Program	10.550	\$ 0	\$ 25,467	\$ 0	\$ 27,067
National School Lunch Program	10.555	<u>63,717</u>	<u>0</u>	<u>63,717</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster		<u>63,717</u>	<u>25,467</u>	<u>63,717</u>	<u>27,067</u>
<u>U.S. DEPARTMENT OF EDUCATION:-</u>					
Pass-Through Ohio Department of Education					
Special Education Grants to States (IDEA Part B)	84.027	70,964	0	62,867	0
Grants to Local Educational Agencies (ESEA Title I)	84.010	231,008	0	229,456	0
Innovative Educational Program Strategies	82.298	4,123	0	6,432	0
Goals 2000	84.276	400	0	13,313	0
Tech Literacy Subsidiary	84.318	<u>162,500</u>	<u>0</u>	<u>232,424</u>	<u>0</u>
Total Department of Education		<u>468,995</u>	<u>0</u>	<u>544,492</u>	<u>0</u>
Total Federal Assistance		<u>\$ 532,712</u>	<u>\$ 25,467</u>	<u>\$ 608,209</u>	<u>\$ 27,067</u>

The accompanying notes are an integral part of this statement.

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES:-

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

NOTE B - FOOD DISTRIBUTION:-

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule as 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.



HOLBROOK & MANTER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education
Cardington-Lincoln Local School District
Morrow County
Cardington, Ohio 43315

We have audited the financial statements of Cardington-Lincoln Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 28, 1999, which was qualified because of insufficient audit evidence exists to support Cardington-Lincoln Local School District's disclosures with respect to the year 2000 issue. Except as discussed in the preceding sentence, 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 Cardington-Lincoln Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions with laws, regulation, 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 Cardington-Lincoln Local School District in a separate letter dated December 28, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cardington-Lincoln 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. However, we noted

certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Cardington-Lincoln Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 99-001.

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 in a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Cardington-Lincoln Local School District in a separate letter dated December 28, 1999.

This report is intended for the information and use of the Board of Education, management 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.

Halbrook & Mante, LLP

Certified Public Accountants

December 28, 1999
Marion, Ohio



HOLBROOK & MANTER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education
Cardington-Lincoln Local School District
Morrow County
Cardington, OH 43315

Compliance

We have audited the compliance of Cardington-Lincoln Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the Board of Education, management 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.

Holbrook & Mante, LLP

Certified Public Accountants

December 28, 1999
Marion, Ohio

**CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number	99-001
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The District has not completed remediation nor validation and testing with computer systems or other electronic equipment critical to conducting operations not year 2000 compliant but reasonably expected to be 2000 compliant.

We recommend that the District move forward in their Year 2000 compliance plan and develop contingency plans for computer systems or other electronic equipment critical to conducting operations if they were to fail.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

CARDINGTON-LINCOLN LOCAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED	EXPLANATION
98-001	Y2K	No	<u>No</u> corrective action taken. The District has not determined which systems require remediation and testing and validation of critical systems has not been conducted.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CARDINGTON LINCOLN LOCAL SCHOOL DISTRICT
MORROW 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.

By: Susan Babbitt

Date: FEBRUARY 15, 2000