

**VERMILION LOCAL SCHOOL DISTRICT**  
**CLEVELAND REGION, ERIE COUNTY**  
**FINANCIAL FORECAST**  
JULY 1, 1999, THROUGH JUNE 30, 2000

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

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We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Vermilion Local School District for the fiscal year ending June 30, 2000. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board of Education and the Financial Planning and Supervision Commission and the preparation and presentation of the forecast.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund for the fiscal year ending June 30, 2000, present, to the best of management's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund and this report were prepared for the purpose of determining whether the School District will incur an operating deficit for the current fiscal year, pursuant to Section 3316.08, Revised Code, and should not be used for any other purpose.

In our opinion, the forecasted schedule referred to above is presented in conformity with the guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants (AICPA), and the underlying assumptions provide a reasonable basis for the Board of Education and Financial Planning and Supervision Commission's forecast. Our examination of the financial forecast presented in this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and whether the underlying assumptions provide a reasonable basis for the forecast. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it. Furthermore, differences between the forecasted and actual results will usually happen because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events

and circumstances occurring after its date.

The financial statements for the years ended June 30, 1997, 1998, and 1999, were audited by Reichert and Associates, CPA's, and they expressed an unqualified opinion on these statements in their reports dated December 17, 1997, December 23, 1998 and December 23, 1999, respectively.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Vermilion Local School District for the years ended June 30, 1997, 1998, 1999, and 2000, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO  
Auditor of State

February 28, 2000

**VERMILION LOCAL SCHOOL DISTRICT**  
**ERIE COUNTY**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED  
GENERAL FUND

	Fiscal Year 2000 Forecasted
<b>Revenues</b>	
General Property Tax	\$9,010,000
Tangible Personal Property Tax	1,308,000
Unrestricted Grants-in-Aid	4,568,000
Restricted Grants-in-Aid	94,000
Property Tax Allocation	931,000
All Other Revenues	249,000
<i>Total Revenues</i>	16,160,000
<b>Expenditures</b>	
Personal Services	9,385,000
Employees' Retirement/Insurance Benefits	3,673,000
Purchased Services	1,827,000
Supplies and Materials	340,000
Capital Outlay	528,000
Debt Service:	
Principal-State Loan and Advance	885,000
Principal-Note	90,000
Principal-Lease	4,000
Interest and Fiscal Charges	22,000
Other Objects	298,000
<i>Total Expenditures</i>	17,052,000
<i>Excess of Revenues and Other Financing Sources under Expenditures and Other Financing Uses</i>	(892,000)
<i>Cash Balance July 1, 1999</i>	1,491,000
<i>Cash Balance June 30, 2000</i>	599,000
Reservation of Fund Balance	
Textbooks and Instructional Materials	58,000
Capital Improvements	155,000
Budget Reserve	146,000
<i>Unreserved Fund Balance June 30, 2000</i>	\$240,000

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report

Includes general fund, textbook subsidy fund, and emergency levy fund

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 1997, 1998 AND 1999 ACTUAL;  
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED

	Fiscal Year 1997 Actual	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Forecasted
		823,000		
<b>Revenues</b>				
General Property Tax	\$7,535,000	\$7,377,000	\$7,800,000	\$9,010,000
Tangible Personal Property Tax	2,435,000	2,606,000	1,461,000	1,308,000
Unrestricted Grants-in-Aid	4,126,000	4,163,000	4,579,000	4,568,000
Restricted Grants-in-Aid	0	87,000	80,000	94,000
Property Tax Allocation	796,000	824,000	833,000	931,000
All Other Revenues	443,000	530,000	340,000	249,000
<i>Total Revenues</i>	15,335,000	15,587,000	15,093,000	16,160,000
<b>Other Financing Sources</b>				
Proceeds from Sale of Notes	425,000	3,095,000	1,348,000	0
Advances In	0	0	1,000	0
<i>Total Other Financing Sources</i>	425,000	3,095,000	1,349,000	0
<i>Total Revenues and Other Financing Sources</i>	15,760,000	18,682,000	16,442,000	16,160,000
<b>Expenditures</b>				
Personal Services	9,467,000	8,938,000	9,381,000	9,385,000
Employees' Retirement/Insurance Benefits	3,809,000	3,686,000	3,691,000	3,673,000
Purchased Services	1,209,000	1,305,000	1,655,000	1,827,000
Supplies and Materials	344,000	305,000	401,000	340,000
Capital Outlay	74,000	117,000	336,000	528,000
Debt Service:				
Principal-Notes	1,966,000	2,128,000	422,000	0
Principal-Loan and Advance	0	250,000	199,000	885,000
Principal-Note	90,000	265,000	90,000	90,000
Principal-HB 264 Notes	215,000	175,000	135,000	0
Principal-Lease	2,000	21,000	13,000	4,000
Interest and Fiscal Charges	39,000	49,000	62,000	22,000
Other Objects	311,000	317,000	288,000	298,000
<i>Total Expenditures</i>	17,526,000	17,556,000	16,673,000	17,052,000
<b>Other Financing Uses</b>				
Operating Transfers Out	255,000	0	0	0
<i>Total Expenditures and Other Financing Uses</i>	17,781,000	17,556,000	16,673,000	17,052,000
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	(2,021,000)	1,126,000	(231,000)	(892,000)
<i>Cash Balance July 1</i>	2,617,000	596,000	1,722,000	1,491,000
<i>Cash Balance June 30</i>	596,000	1,722,000	1,491,000	599,000
<i>Estimated Encumbrances June 30</i>	350,000	644,000	190,000	0
Reservation of Fund Balance				
Textbooks and Instructional Materials	0	0	46,000	58,000
Capital Improvements	0	0	0	155,000
Budget Reserve	0	146,000	146,000	146,000
<i>Unreserved Fund Balance June 30</i>	\$246,000	\$932,000	\$1,109,000	\$240,000

See accompanying summary of significant forecast assumptions and accounting policies

Includes general fund, textbook subsidy fund, and emergency levy fund

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**Nature of Presentation**

This financial forecast presents, to the best of the Vermilion Local School District Board of Education's and the Financial Planning and Supervision Commission's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. Accordingly, the forecast reflects the Board of Education's and the Financial Planning and Supervision Commission's judgment of the expected conditions and its expected course of action as of February 28, 2000, the date of this forecast. The forecast is designed to present the revenues, expenditures and changes in fund balance for the purpose of determining whether the School District will incur an operating deficit for the current fiscal year, pursuant to Section 3316.08, Revised Code, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

**1. General Assumptions**

The Vermilion Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The forecast includes the revenue and expenditure activity of the general fund, the textbook subsidy fund and the emergency levy fund.

The forecast contains those expenditures the Board has determined to be necessary to provide for an educational program consistent with State minimums.

**2. Revenue and Other Financing Source Assumptions**

The fiscal year 2000 revenue and other financing source assumptions are based on the following:

**Property Taxes**

Property taxes consist of real estate, public utility real and personal property and tangible personal property taxes. Advances may be requested from the Erie and Lorain County Auditors as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer's fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

**VERMILION LOCAL SCHOOL DISTRICT  
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**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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The forecasted figures for fiscal year 2000 were based on the most recent information provided by the Erie and Lorain County Auditors. The amounts shown in the revenue section of the forecast statements represent gross property tax revenue.

**General Property Tax (Real Estate)**

The general property tax revenue estimates are based upon confirmations received from the Erie and Lorain County Auditors dated January 20, 2000 and January 21, 2000, respectively. Included in this revenue source are real estate tax revenues. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account. Based upon these estimates, the School District anticipates receiving \$9,010,000 in real estate tax revenue, a increase of \$1,210,000 from the prior fiscal year.

The increase in real estate tax revenue during the forecast period is due to the School District receiving a half year's collection on the 7.99 mill emergency levy passed in November, 1999.

**Tangible Personal Property Tax**

This revenue source consists of tangible personal property tax revenue and the public utility personal property tax revenue. The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement, as estimated by the Erie and Lorain County Auditors, is included in the forecasted amount of property tax allocation for fiscal year 2000. During the historical period, the reimbursement is reflected in tangible personal property tax revenues.

As with real estate taxes, tangible personal property tax and public utility personal property tax revenues are based upon confirmations received from the Erie County and Lorain County Auditors dated January 20, 2000 and January 21, 2000. Based upon these estimates, the School District anticipates receiving \$1,308,000 in tangible personal property tax revenue, a decrease of \$153,000 from fiscal year 1999 levels. The decrease is due to the lower inventory in the area.



**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**Unrestricted Grants-in-Aid**

State foundation payments established by Chapter 3317 of the Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Forecasted amounts are based on current information provided by the State Department of Education. For the forecast period, an \$11,000 decrease in anticipated, largely due to a new method used to calculate school foundation.

This revenue source includes formula aid, special education aid, training and experience of classroom teachers funding, extended service, gifted aid, transportation, vocational education, and equalization enhancement revenues received from the State Department of Education, Division of School Finance. The amount of revenue reported on the most recent school foundation statement of settlement is \$4,568,000.

**Restricted Grants-in-Aid**

Restricted grants-in-aid consist of a bus purchase allowance of \$39,000 received in November 1999 and a bus reimbursement of \$55,000 received in December 1999. These are the only forms of restricted revenue the School District expects to receive.

**Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement, as estimated by the Erie and Lorain County Auditors, is also included in the forecasted amount of property tax allocation. In the past, this revenue was reflected in personal property tax revenues.

The Erie County and Lorain County Auditors certified the amounts for rollback and homestead and the personal property tax exemption at \$931,000, an increase of \$98,000 from the prior fiscal year. As mentioned previously, the increase is due to the School District receiving a half year's collection on the 7.99 mill emergency levy passed in November, 1999.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**All Other Revenues**

The following schedule represents all other revenues not classified elsewhere:

Interest on Investments	\$156,000
Extracurricular Activities	73,000
Classroom Materials and Fees	15,000
Other Revenue	3,000
Miscellaneous	<u>2,000</u>
Total	<u><u>\$249,000</u></u>

The forecasted revenue was based on the following:

- Investment earnings are expected to remain consistent with the prior fiscal year.
  
- Miscellaneous revenues are expected to decrease in fiscal year 2000 primarily due to rental revenue being credited to the permanent improvement capital projects fund rather than the general fund.
  
- Other revenues are expected to remain consistent with the prior fiscal year.

**Other Financing Sources**

**Proceeds from the Sale of Notes**

During the prior fiscal year, the School District received a \$1,348,000 solvency assistance fund advance. The advance will be paid off in fiscal year 2001. The School District does not anticipate receiving any advances during the forecast period.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**3. Expenditure and Other Financing Use Assumptions**

The fiscal year 2000 anticipated expenditures and other financing uses are based on the following:

**Personal Services**

The personal service expenditures of \$9,385,000 forecasted for fiscal year 2000 are comprised of the following:

Certified Salaries	\$6,792,000
Classified Salaries	1,711,000
Substitute Pay	243,000
Supplemental Contracts	226,000
Severance Pay	324,000
Overtime Pay	84,000
Board Member Compensation	<u>5,000</u>
Total	<u><u>\$9,385,000</u></u>

The School District is anticipating a \$4,000 increase in the cost of personal services from fiscal year 1999 levels. The major reasons for this increase are outlined below:

- A \$56,000 increase is anticipated for teachers, tutors, supplemental contract employees and classified employees for fiscal year 2000. The increase is due to a 2.5 percent pay increase in certified salaries coupled with step increases. The increases are offset by seven certified positions being vacated in the forecast period which will not be filled.
- A \$12,000 decrease is expected for substitute pay due to staff taking off less time.
- Severance pay will decrease \$52,000 from the prior fiscal year due to less retirement-eligible employees leaving the School District
- A \$11,000 increase in overtime pay is anticipated due to the current needs of the School District.
- A \$1,000 increase in board member compensation is expected due to more meetings to discuss the levy and the financial status of the School District.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**Employees' Retirement/Insurance Benefits**

Employee retirement and insurance benefits are forecasted at \$3,673,000 for fiscal year 2000. This amount is as follows:

Retirement	\$2,248,000
Insurance	1,290,000
Workers' Compensation	53,000
Unemployment	1,000
Tuition	28,000
Medicare	<u>53,000</u>
Total	<u><u>\$3,673,000</u></u>

The School District anticipates an \$18,000 decrease in benefits for fiscal year 2000. This decrease is due primarily to the following:

- Retirement costs will decrease by \$90,000. The decrease is mainly attributable to the loss of certified staff and the procedure of contributing to the retirement systems based on estimated salaries rather than actual salaries.
- A \$134,000 increase in insurance costs is expected for fiscal year 2000 due to the School District having a 29 percent increase in claims.
- A \$51,000 decrease in workers' compensation premium costs is anticipated due to a decrease in the workers' compensation rates.
- A \$6,000 decrease in tuition reimbursements is expected due to less school employees taking additional college courses.
- Medicare costs will decrease \$5,000 from the prior fiscal year due to the loss of seven teachers.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**Purchased Services**

Purchased service expenditures forecasted in the amount of \$1,827,000 are comprised of:

Professional and Technical Services	\$325,000
Property Services	330,000
Travel and Meeting Expenses	22,000
Communication	61,000
Utilities Services	437,000
Trade Services	1,000
Tuition	638,000
Pupil Transportation	3,000
Other Purchased Services	<u>10,000</u>
Total	<u><u>\$1,827,000</u></u>

The School District is anticipating a \$172,000 increase in purchased services for fiscal year 2000. This increase is due primarily to the School District replacing the roof on the elementary school.

**Supplies and Materials**

The School District anticipates spending \$340,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies, Library Books, Periodicals and Food	\$117,000
Supplies and Materials for Operation, Maintenance and Repair	141,000
Textbooks	<u>82,000</u>
Total	<u><u>\$340,000</u></u>

There is a forecasted \$61,000 decrease in expenditures for supplies and materials from fiscal year 1999 levels. The decrease is due to less textbooks being purchased this year.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

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**Capital Outlay**

Capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$528,000, which represents \$159,000 for new capital outlay and \$369,000 of replacement capital outlay. The majority of the planned expenditures are for purchases of new computer equipment, and five school buses for the School District.

**Debt Service**

The School District's debt service expenditures required for fiscal year 2000 include the following:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Energy Conservation Note	\$90,000	\$14,000	\$104,000
State Loan	211,000	7,000	218,000
State Solvency Assistance Advance	674,000	0	674,000
Lease Payments	4,000	1,000	5,000
Total	<u>\$979,000</u>	<u>\$22,000</u>	<u>\$1,001,000</u>

The energy conservation note and leases are paid from general fund revenues. The State loan and State solvency fund advance are paid from State foundation revenues.

**Other Objects**

This account includes dues, fees, liability insurance, county board deductions, and award costs. The School District is projecting a \$10,000 increase in dues and fees.

**4. Spending Reserve**

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget. The School District did not include a spending reserve in their current year tax budget.

**5. Encumbrances**

Encumbrances for purchased services, supplies and materials, capital outlay and other expenditures for the fiscal year ended June 30, 1998 and June 30, 1999 were \$644,000 and \$190,000, respectively. The School District does not anticipate any encumbrances for the current fiscal year, therefore none are included in the forecast. The School District's STRS advance has been included in the benefits expenditures.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**6. Reservation of Fund Balance**

**Textbooks and Instructional Materials**

The required three percent contribution for fiscal year 2000 for the textbooks and instructional materials set aside amounted to \$369,000. The set aside amount was added to by a carryover from the prior year of \$46,000. The set aside was reduced by \$357,000 of qualifying planned expenditures for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment. Therefore, a reserve of \$58,000 is included.

**Capital Improvements**

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$369,000. This amount was offset by \$214,000 of qualifying planned expenditures for capital improvements. Therefore, a reserve of \$155,000 is included.

**Budget Reserve**

A contribution for budget stabilization is required if the revenue base for the prior year grew by at least three percent, unless the District is in fiscal emergency. The revenue for the Vermilion Local School District decreased by 5.59 percent and the School District is currently in a state of fiscal emergency.

The School District received a refund from the Bureau of Workers' Compensation in fiscal year 1998. This refund was required under Section 39 of House Bill 770 to be credited to the budget reserve. The refund of \$146,000 received from the Bureau of Workers' Compensation makes up the current budget reserve.

**7. Levies**

The School District does not plan to place any levies on the ballot.

**8. Pending Litigation**

The School District has no pending litigation that will have a financial impact according to the School District's legal counsel.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**A. Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting which is the same as that used to prepare the historical budgetary statements for the years ended June 30, 1997, 1998, and 1999. Under this system, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds. The appropriations are made by the Board of Education to their classification of accounts and are restricted for such purpose until expended or amended by the Board.

**B. Investments**

Investment procedures are restricted by the provisions of the Ohio Revised Code. The School District pools cash from all funds for investment purposes. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

**C. Fund Accounting**

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**General Fund**

The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

**Special Revenue Funds**

To account for the proceeds of specific revenue sources (other than expendable



**VERMILION LOCAL SCHOOL DISTRICT  
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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

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trusts or those for major capital projects) that are legally restricted to disbursements for specified purposes.

**Capital Project Funds**

To account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Debt Service Funds**

To account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest. According to governmental accounting principles, the Debt Service Fund accounts for the payment of debt for governmental funds only. Under Ohio law, the debt service fund may be used to account for the payment of debt for both governmental and proprietary funds.

**Proprietary Funds**

**Enterprise Funds**

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

**Internal Service Funds**

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis.

**Fiduciary Funds**

**Trust and Agency Funds**

To account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Funds, and (d) Agency Funds.

**D. Budgetary Process**

**Budget**

A budget of estimated cash receipts and disbursements is submitted to the Erie County

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

**Estimated Resources**

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

**Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

**Encumbrances**

The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

**E. Property, Plant and Equipment**

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets as the purpose of the financial statements for the general governmental services is to report the expenditure of resources, not costs.

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SCHEDULE OF BOND INDEBTEDNESS  
FEBRUARY 28, 2000**

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<u>DESCRIPTION OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>REQUIRED ANNUAL PAYMENT</u>	<u>AUTHORIZED AND ISSUED</u>	<u>RETIRED TO DATE</u>	<u>OUTSTANDING</u>
ENERGY CONSERVATION	6.20%	8/91	12/01	\$90,000	\$900,000	\$720,000	\$180,000
LIBRARY IMPROVEMENTS	VARIOUS	5/93	12/08	65,000	1,600,000	415,000	1,185,000

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS  
FEBRUARY 28, 2000**

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<u>DESCRIPTION OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>REQUIRED ANNUAL PAYMENT</u>	<u>AUTHORIZED AND ISSUED</u>	<u>RETIRED TO DATE</u>	<u>OUTSTANDING</u>
STATE LOAN	4.95%	3/1998	6/2000	\$90,000	\$410,000	\$320,000	\$90,000
STATE SOLVENCY	0%	6/1999	5/2001	674,000	1,348,000	368,000	980,000

**VERMILION LOCAL SCHOOL DISTRICT  
ERIE COUNTY**

**TEN-YEAR LEVY HISTORY**

<u>DATE</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>TERM</u>	<u>ELECTION RESULTS</u>
November 1992	Operating	6.0 mills	Continuing	Passed
May 1993	Operating	7.1 mills	Continuing	Passed
May 1995	Operating	5.86 mills	Continuing	Failed
November 1995	Operating	5.95 mills	5 years	Failed
March 1996	Operating	8.75 mills	5 years	Failed
November 1996	Operating	8.75 mills	5 years	Failed
May 1997	Operating	10.99 mills	Continuing	Failed
August 1997	Emergency	11.4 mills	3 years	Failed
November 1997	Operating	8.75 mills	Continuing	Failed
November 1998	Emergency	9.2 mills	3 years	Failed
November 1999	Emergency	7.99 mills	3 years	Passed



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**VERMILION LOCAL SCHOOL DISTRICT**

**ERIE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 14, 2000**