

***BROOKVILLE LOCAL
SCHOOL DISTRICT***

MONTGOMERY COUNTY, OHIO

GENERAL PURPOSE
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2000

Prepared by:
Ms. Bobbie Russell
Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

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

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

JIM PETRO
Auditor of State

January 8, 2001

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
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Independent Auditors' Report

December 28, 2000

Board of Education
Brookville Local School District

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 28, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plattenburg & Associates, Inc.
Certified Public Accountants

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$2,774,158	\$98,811	\$6,399	\$480,465
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	4,687,565	0	0	27,876
Accounts	13,809	3,119	0	0
Intergovernmental	950	2,197	0	0
Interest	0	0	0	16,044
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	81,750	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	126,026	0	0	0
Investments	0	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$7,684,258</u>	<u>\$104,127</u>	<u>\$6,399</u>	<u>\$524,385</u>
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$51,173	\$5,812	\$0	\$0
Accrued Wages and Benefits	752,384	22,297	0	0
Intergovernmental Payables	213,378	323	0	0
Due to Students	0	0	0	0
Deferred Revenue	0	0	0	0
Deferred Revenue - Taxes	4,549,346	0	0	26,808
General Obligation Bond Payable	0	0	0	0
Compensated Absences Payable	156,392	0	0	0
Total Liabilities	<u>5,722,673</u>	<u>28,432</u>	<u>0</u>	<u>26,808</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	192,695	10,383	0	131,500
Reserved for Property Taxes	138,219	0	0	0
Statutory Reserves	126,026	0	0	0
Reserved for Prepaid Items	81,750	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Debt Service	0	0	6,399	0
Unreserved:				
Undesignated	1,422,895	65,312	0	366,077
Total Equity and Other Credits	<u>1,961,585</u>	<u>75,695</u>	<u>6,399</u>	<u>497,577</u>
Total Liabilities, Equity and Other Credits	<u>\$7,684,258</u>	<u>\$104,127</u>	<u>\$6,399</u>	<u>\$524,385</u>

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

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

<i>Proprietary</i>		<i>Fiduciary</i>		<i>Account</i>		Totals (Memorandum Only)
<i>Fund Types</i>		<i>Fund Types</i>		<i>Groups</i>		
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long Term Obligations		
\$266,612	\$7,048	\$121,060	\$0	\$0		\$3,754,553
0	0	6,565	0	0		6,565
0	0	0	0	0		4,715,441
1,771	0	2,619	0	0		21,318
10,126	0	0	0	0		13,273
949	0	422	0	0		17,415
10,117	0	0	0	0		10,117
2,857	0	0	0	0		84,607
0	0	1,501	0	0		127,527
0	0	12,695	0	0		12,695
107,274	0	0	9,135,728	0		9,243,002
0	0	0	0	6,399		6,399
0	0	0	0	681,658		681,658
<u>\$399,706</u>	<u>\$7,048</u>	<u>\$144,862</u>	<u>\$9,135,728</u>	<u>\$688,057</u>		<u>\$18,694,570</u>
\$0	\$0	\$4,597	\$0	\$0		\$61,582
23,224	0	0	0	0		797,905
17,947	0	0	0	64,523		296,171
0	0	35,068	0	0		35,068
6,330	0	86	0	0		6,416
0	0	0	0	0		4,576,154
0	0	0	0	80,906		80,906
8,075	0	0	0	542,628		707,095
<u>55,576</u>	<u>0</u>	<u>39,751</u>	<u>0</u>	<u>688,057</u>		<u>6,561,297</u>
0	0	0	9,135,728	0		9,135,728
344,130	7,048	0	0	0		351,178
0	0	65,135	0	0		399,713
0	0	0	0	0		138,219
0	0	0	0	0		126,026
0	0	0	0	0		81,750
0	0	14,196	0	0		14,196
0	0	0	0	0		6,399
0	0	25,780	0	0		1,880,064
<u>344,130</u>	<u>7,048</u>	<u>105,111</u>	<u>9,135,728</u>	<u>0</u>		<u>12,133,273</u>
<u>\$399,706</u>	<u>\$7,048</u>	<u>\$144,862</u>	<u>\$9,135,728</u>	<u>\$688,057</u>		<u>\$18,694,570</u>

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

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$4,947,646	\$0	\$0	\$48,345	\$0	\$4,995,991
Tuition	47,263	0	0	0	0	47,263
Transportation Fees	64,626	0	0	0	0	64,626
Investment Earnings	0	0	0	168,322	3,293	171,615
Extracurricular Activities	24,610	194,595	0	0	6,762	225,967
Class Material and Fees	23,947	0	0	0	0	23,947
Intermediate Sources	0	2,251	0	0	0	2,251
Intergovernmental - State	4,257,588	34,893	0	3,901	0	4,296,382
Intergovernmental - Federal	0	231,398	0	0	0	231,398
All Other Revenues	8,520	37,808	0	0	39,064	85,392
Total Revenues	<u>9,374,200</u>	<u>500,945</u>	<u>0</u>	<u>220,568</u>	<u>49,119</u>	<u>10,144,832</u>
Expenditures:						
Current:						
Instruction	5,055,525	166,016	0	60,557	7,312	5,289,410
Supporting Services:						
Pupils	631,746	27,833	0	0	0	659,579
Instructional Staff	313,764	109,724	0	0	0	423,488
Board of Education	10,856	0	0	0	0	10,856
Administration	986,554	52,919	0	0	1,101	1,040,574
Fiscal Services	233,434	0	0	781	0	234,215
Operation and Maintenance of Plant	800,809	492	0	0	10,099	811,400
Pupil Transportation	650,484	2,003	0	0	0	652,487
Central	15,113	0	0	0	0	15,113
Extracurricular Activities	192,554	144,454	0	0	0	337,008
Capital Outlay	488	4,119	0	641,250	0	645,857
Debt Service:						
Principal Retirements	35,947	0	0	0	0	35,947
Interest and Fiscal Charges	5,026	0	0	0	0	5,026
Total Expenditures	<u>8,932,300</u>	<u>507,560</u>	<u>0</u>	<u>702,588</u>	<u>18,512</u>	<u>10,160,960</u>
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	441,900	(6,615)	0	(482,020)	30,607	(16,128)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	496	0	0	0	0	496
Refunds of Prior Years' Expenditures	2,678	178	0	0	0	2,856
Operating Transfers In	0	0	0	40,000	0	40,000
Operating Transfers Out	(40,000)	0	0	0	0	(40,000)
Total Other Financing Sources (Uses)	<u>(36,826)</u>	<u>178</u>	<u>0</u>	<u>40,000</u>	<u>0</u>	<u>3,352</u>
Excess (Deficiency) of Revenues						
and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	405,074	(6,437)	0	(442,020)	30,607	(12,776)
Fund Balance Beginning of Year	1,556,511	82,132	6,399	939,597	60,308	2,644,947
Fund Balance End of Year	<u>\$1,961,585</u>	<u>\$75,695</u>	<u>\$6,399</u>	<u>\$497,577</u>	<u>\$90,915</u>	<u>\$2,632,171</u>

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

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Local Sources:						
Taxes	\$4,926,333	\$4,926,333	\$0	\$0	\$0	\$0
Tuition	47,263	47,263	0	0	0	0
Transportation Fees	54,744	54,744	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Extracurricular Activities	25,870	25,870	0	192,586	192,586	0
Class Material and Fees	23,856	23,856	0	0	0	0
Intermediate Sources	0	0	0	2,251	2,251	0
Intergovernmental - State	4,256,660	4,256,660	0	54,591	54,591	0
Intergovernmental - Federal	0	0	0	231,066	231,066	0
All Other Revenues	8,675	8,675	0	37,911	37,911	0
Total Revenues	<u>9,343,401</u>	<u>9,343,401</u>	<u>0</u>	<u>518,405</u>	<u>518,405</u>	<u>0</u>
<u>Expenditures:</u>						
Current:						
Instruction	5,034,475	5,034,475	0	175,998	160,956	15,042
Supporting Services:						
Pupils	638,823	638,823	0	29,784	28,630	1,154
Instructional Staff	297,724	297,724	0	125,863	117,368	8,495
Board of Education	12,785	12,785	0	54,326	54,326	0
Administration	1,007,112	1,007,112	0	0	0	0
Fiscal Services	236,601	236,601	0	0	0	0
Operation and Maintenance of Plant	870,868	840,491	30,377	492	492	0
Pupil Transportation	646,125	654,659	(8,534)	2,003	2,003	0
Central	17,910	17,910	0	0	0	0
Community Services	625	625	0	0	0	0
Extracurricular Activities	192,642	192,642	0	157,966	157,966	0
Capital Outlay	488	488	0	6,000	4,119	1,881
Debt Service:						
Principal Retirement	39,024	39,024	0	0	0	0
Interest and Fiscal Charges	5,363	5,363	0	0	0	0
Total Expenditures	<u>9,000,565</u>	<u>8,978,722</u>	<u>21,843</u>	<u>552,432</u>	<u>525,860</u>	<u>26,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	342,836	364,679	21,843	(34,027)	(7,455)	26,572
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	496	496	0	0	0	0
Refunds of Prior Years' Expenditures	18,009	18,009	0	178	178	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(40,000)	(40,000)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(21,495)</u>	<u>(21,495)</u>	<u>0</u>	<u>178</u>	<u>178</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	321,341	343,184	21,843	(33,849)	(7,277)	26,572
Fund Balance at Beginning of Year	2,144,075	2,144,075	0	62,747	62,747	0
Prior Year Encumbrances	205,698	205,698	0	27,805	27,805	0
Fund Balance at End of Year	<u>\$2,671,114</u>	<u>\$2,692,957</u>	<u>\$21,843</u>	<u>\$56,703</u>	<u>\$83,275</u>	<u>\$26,572</u>

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

(Continued)

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Local Sources:						
Taxes	\$0	\$0	\$0	\$48,199	\$48,199	\$0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Investment Earnings	0	0	0	164,517	164,517	0
Extracurricular Activities	0	0	0	0	0	0
Class Material and Fees	0	0	0	0	0	0
Intermediate Sources	0	0	0	0	0	0
Intergovernmental - State	0	0	0	3,901	3,901	0
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	0	0	0
Total Revenues	0	0	0	216,617	216,617	0
<u>Expenditures:</u>						
Current:						
Instruction	0	0	0	69,605	69,605	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	0	0	0
Fiscal Services	0	0	0	781	781	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	803,362	803,362	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	0	0	0	873,748	873,748	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	(657,131)	(657,131)	0
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refunds of Prior Years' Expenditures	0	0	0	0	0	0
Operating Transfers In	0	0	0	40,000	40,000	0
Operating Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	40,000	40,000	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(617,131)	(617,131)	0
Fund Balance at Beginning of Year	6,399	6,399	0	333,704	333,704	0
Prior Year Encumbrances	0	0	0	632,392	632,392	0
Fund Balance at End of Year	\$6,399	\$6,399	\$0	\$348,965	\$348,965	\$0

(Continued)

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Local Sources:			
Taxes	\$4,974,532	\$4,974,532	\$0
Tuition	47,263	47,263	0
Transportation Fees	54,744	54,744	0
Investment Earnings	164,517	164,517	0
Extracurricular Activities	218,456	218,456	0
Class Material and Fees	23,856	23,856	0
Intermediate Sources	2,251	2,251	0
Intergovernmental - State	4,315,152	4,315,152	0
Intergovernmental - Federal	231,066	231,066	0
All Other Revenues	46,586	46,586	0
Total Revenues	<u>10,078,423</u>	<u>10,078,423</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Instruction	5,280,078	5,265,036	15,042
Supporting Services:			
Pupils	668,607	667,453	1,154
Instructional Staff	423,587	415,092	8,495
Board of Education	67,111	67,111	0
Administration	1,007,112	1,007,112	0
Fiscal Services	237,382	237,382	0
Operation and Maintenance of Plant	871,360	840,983	30,377
Pupil Transportation	648,128	656,662	(8,534)
Central	17,910	17,910	0
Community Services	625	625	0
Extracurricular Activities	350,608	350,608	0
Capital Outlay	809,850	807,969	1,881
Debt Service:			
Principal Retirement	39,024	39,024	0
Interest and Fiscal Charges	5,363	5,363	0
Total Expenditures	<u>10,426,745</u>	<u>10,378,330</u>	<u>48,415</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(348,322)	(299,907)	48,415
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	496	496	0
Refunds of Prior Years' Expenditures	18,187	18,187	0
Operating Transfers In	40,000	40,000	0
Operating Transfers Out	(40,000)	(40,000)	0
Total Other Financing Sources (Uses)	<u>18,683</u>	<u>18,683</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(329,639)	(281,224)	48,415
Fund Balance at Beginning of Year	2,546,925	2,546,925	0
Prior Year Encumbrances	865,895	865,895	0
Fund Balance at End of Year	<u>\$3,083,181</u>	<u>\$3,131,596</u>	<u>\$48,415</u>

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Proprietary</u> <u>Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>				
Tuition and Fees	\$49,073	\$57,588	\$0	\$106,661
Sales	361,052	0	0	361,052
Other Operating Revenues	65,879	0	0	65,879
Investment Earnings	0	0	580	580
Total Operating Revenues	<u>476,004</u>	<u>57,588</u>	<u>580</u>	<u>534,172</u>
<u>Operating Expenses:</u>				
Salaries and Wages	202,001	0	0	202,001
Fringe Benefits	66,158	0	0	66,158
Contractual Services	5,365	47,289	0	52,654
Materials and Supplies	265,830	15,040	0	280,870
Depreciation	10,814	0	0	10,814
Other Operating Expenses	200	8,028	0	8,228
Total Operating Expenses	<u>550,368</u>	<u>70,357</u>	<u>0</u>	<u>620,725</u>
Operating Income (Loss)	(74,364)	(12,769)	580	(86,553)
<u>Non-Operating Revenues (Expenses):</u>				
Operating Grants	80,037	0	0	80,037
Federally Donated Commodities	33,695	0	0	33,695
Other Non-Operating Revenue	1,307	12,546	0	13,853
Investment Earnings	9,563	0	0	9,563
Total Non-Operating Revenues (Expenses)	<u>124,602</u>	<u>12,546</u>	<u>0</u>	<u>137,148</u>
Net Income (Loss)	50,238	(223)	580	50,595
Retained Earnings/Fund Balance at Beginning of Year	<u>293,892</u>	<u>7,271</u>	<u>13,616</u>	<u>314,779</u>
Retained Earnings/Fund Balance at End of Year	<u>\$344,130</u>	<u>\$7,048</u>	<u>\$14,196</u>	<u>\$365,374</u>

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

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	Nonexpendable Trust Fund	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$429,425	\$0	\$0	\$429,425
Cash Received from Tuition and Fee Payments	48,927	70,134	0	119,061
Cash Payments for Goods and Services	(239,158)	(70,357)	0	(309,515)
Cash Payments to Employees for Services and Benefits	(260,313)	0	0	(260,313)
Net Cash Used by Operating Activities	(21,119)	(223)	0	(21,342)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	82,053	0	0	82,053
Net Cash Provided by Noncapital Financing Activities	82,053	0	0	82,053
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Equipment	(25,552)	0	0	(25,552)
Net Cash Used by Capital and Related Financing Activities	(25,552)	0	0	(25,552)
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	9,258	0	580	9,838
Maturity of Investment	0	0	(12,695)	(12,695)
Purchase of Investment	0	0	12,116	12,116
Net Cash Provided by Investing Activities	9,258	0	1	9,259
Net Increase (Decrease) in Cash and Cash Equivalents	44,640	(223)	1	44,418
Cash and Cash Equivalents at Beginning of Year	221,972	7,271	1,500	230,743
Cash and Cash Equivalents at End of Year	<u>\$266,612</u>	<u>\$7,048</u>	<u>\$1,501</u>	<u>\$275,161</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Used by Operating Activities:</u>				
Operating Income (Loss)	(\$74,364)	(\$12,769)	\$580	(\$86,553)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:				
Miscellaneous Non-operating Income	1,307	12,546	0	13,853
Depreciation Expense	10,814	0	0	10,814
Donated Commodities Used During the Year	33,695	0	0	33,695
Interest on Investment	0	0	(580)	(580)
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	1,041	0	0	1,041
Increase in Interest Receivable	0	0	0	0
Increase in Inventory	(364)	0	0	(364)
Increase in Prepaid Items	(1,200)	0	0	(1,200)
Decrease in Accounts Payable	(512)	0	0	(512)
Increase in Accrued Wages and Benefits	5,051	0	0	5,051
Increase in Intergovernmental Payables	3,179	0	0	3,179
Increase in Deferred Revenue	618	0	0	618
Decrease in Compensated Absences	(384)	0	0	(384)
Total Adjustments	53,245	12,546	(580)	65,211
Net Cash Used by Operating Activities	<u>(\$21,119)</u>	<u>(\$223)</u>	<u>\$0</u>	<u>(\$21,342)</u>

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

BROOKVILLE LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Brookville Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 77 noncertified and approximately 104 certified teaching personnel and administrative employees providing education to 1,601 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Metropolitan Dayton Educational Cooperative Association, a jointly governed organization which provides computer service to twenty-five (25) school districts. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The District is associated with organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 14 and 15 to the general purpose financial statements.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types and account groups are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

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

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

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Funds - These 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).

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings (net total assets).

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body 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.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund, a non-expendable trust fund and an agency fund. The expendable trust fund is accounted for and reported similarly to a governmental fund, the non-expendable trust fund is accounted for similarly to a proprietary fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2000, and which are not intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. 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 amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year, as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$405,074	(\$6,437)	\$0	(\$442,020)
Increase (Decrease):				
Accrued Revenues at June 30, 2000, received during FY 2001	(152,978)	(5,316)	0	(17,112)
Accrued Revenues at June 30, 1999, received during FY 2000	4,368,702	22,776	0	40,465
Accrued Expenditures at June 30, 2000, paid during FY 2001	1,173,327	28,432	0	0
Accrued Expenditures at June 30, 1999, paid during FY 2000	(5,248,638)	(31,736)	0	(66,964)
FY 1999 Prepays for FY 2000	86,674	540	0	0
FY 2000 Prepays for FY 2001	(81,750)	0	0	0
Encumbrances Outstanding at June 30, 2000	(207,227)	(15,536)	0	(131,500)
Budget Basis	<u>\$343,184</u>	<u>(\$7,277)</u>	<u>\$0</u>	<u>(\$617,131)</u>

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and investments with original maturities of less than three months.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 3, Cash, Cash Equivalents and Investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District reports its nonparticipating investments contracts (certificates of deposit) at cost. See Note 3, Cash, Cash Equivalents and Investments.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

General fixed asset values were initially determined at June 30, 1993 by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Machinery, Equipment, Furniture and Fixtures	5-20

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bond	General Fund
Intergovernmental Payables	General Fund
Compensated Absences	General Fund, Food Services Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 282 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 60 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, a reserve for textbook purchases and a reserve for capital maintenance. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. Fund balance reserves have also been established for these amounts.

N. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, prepaid items, endowments, property taxes, budget stabilization, textbook purchase, capital maintenance and encumbered amounts which have not been accrued at year end. 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, textbook purchase and capital maintenance are required by State statute.

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 entries.

P. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements-Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at June 30, 2000 of \$740 in the Title I Fund and \$643 in the Preschool Handicapped Grant Fund (special revenue) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting.

Excess Expenditures over Appropriations – For the year ended June 30, 2000, expenditures exceeded appropriations at the function level in the following funds:

<u>Fund</u>	<u>Excess</u>
General Fund	
Supporting Services - Pupil Transportation	\$8,534

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

A. Deposits

At year end the carrying amount of the District's deposits was \$3,901,340 and the bank balance was \$4,076,257. The Federal Deposit Insurance Corporation (FDIC) covered \$100,000 of the bank balance and all remaining deposits were classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$3,882,080	\$19,260
Certificates of Deposit (with maturities of more than 3 months)	<u>19,260</u>	<u>(19,260)</u>
Per GASB Statement No. 3	<u><u>\$3,901,340</u></u>	<u><u>\$0</u></u>

NOTE 4 - TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years with a statistical update every third year. The last revaluation was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Brookville Local School District. The County Auditor periodically remits to the District its portion of the taxes collected.

NOTE 4 – TAXES (Continued)

The assessed values upon which the fiscal year 2000 receipts were based, were as follows:

	1999 Second Half <u>Collections</u>	2000 First Half <u>Collections</u>
Agricultural/Residential and Other Real Estate	\$113,241,560	\$126,241,820
Public Utility Personal	7,146,120	6,680,580
Tangible Personal Property	<u>15,699,456</u>	<u>15,440,853</u>
Total Assessed Value	<u>\$136,087,136</u>	<u>\$148,363,253</u>
Tax rate per \$1,000 of assessed valuation	\$57.15	\$57.09

NOTE 5 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, interest, accounts receivable and intergovernmental receivables.

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 2000:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$40,000
Capital Projects Fund:		
Permanent Improvement Fund	<u>40,000</u>	<u>0</u>
Total All Funds	<u>\$40,000</u>	<u>\$40,000</u>

NOTE 7 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2000:

<u>Class</u>	<u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2000</u>
Land	\$42,719	\$0	\$0	\$42,719
Buildings	5,042,068	0	0	5,042,068
Machinery and Equipment	3,114,806	131,939	0	3,246,745
Vehicles	<u>762,433</u>	<u>112,763</u>	<u>(71,000)</u>	<u>804,196</u>
Totals	<u>\$8,962,026</u>	<u>\$244,702</u>	<u>(\$71,000)</u>	<u>\$9,135,728</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2000:

<u>Category</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Machinery and Equipment	<u>\$273,307</u>	<u>(\$166,033)</u>	<u>\$107,274</u>
Total Property, Plant and Equipment	<u>\$273,307</u>	<u>(\$166,033)</u>	<u>\$107,274</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2000, 5.5% was allocated to fund the pension benefit and 8.5% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$227,772, \$208,452, and \$187,980, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 8.5%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$154,284.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 51,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. Net assets available for payment of benefits at June 30, 1999 was \$188.0 million.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2000, 6% was allocated to fund the pension benefit and 8% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$676,608, \$654,384, and \$633,048, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary 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.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 2% of covered payroll, to a Health Care Reserve Fund. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund, which amounted to \$386,633 for the District. The balance of the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

NOTE 9 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2000, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$531,666	\$10,962	\$542,628

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 10 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, intergovernmental payable, and compensated absences of the District for the year ended June 30, 2000 is as follows:

		<u>Balance</u> <u>June 30, 1999</u>	<u>Issued</u> <u>(Retired)</u>	<u>Balance</u> <u>June 30, 2000</u>
General Long-Term Debt:				
(General Obligation Bond)				
Energy Conservation Project	5.00%	<u>\$116,853</u>	<u>(\$35,947)</u>	<u>\$80,906</u>
Total General Long-Term Debt		116,853	(35,947)	80,906
Other General Long-Term Obligations:				
Intergovernmental Payable		59,943	4,580	64,523
Compensated Absences		<u>591,888</u>	<u>(49,260)</u>	<u>542,628</u>
Total Other General Long-Term Obligations		<u>651,831</u>	<u>(44,680)</u>	<u>607,151</u>
Total General Long-Term Debt and Other General Long-Term Obligations		<u><u>\$768,684</u></u>	<u><u>(\$80,627)</u></u>	<u><u>\$688,057</u></u>

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2000, follows:

<u>Years</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2001	\$37,786	\$3,187
2002	39,720	1,254
2003	<u>3,400</u>	<u>14</u>
Totals	<u><u>\$80,906</u></u>	<u><u>\$4,455</u></u>

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales and a Latch Key program. The key financial information for the year ended June 30, 2000 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Latch Key	Total
Operating Revenues	\$361,003	\$47,400	\$67,601	\$476,004
Depreciation Expense	10,784	0	30	10,814
Operating Income (Loss)	(79,525)	1,716	3,445	(74,364)
Net Income	45,077	1,716	3,445	50,238
Property, Plant and Equipment:				
Additions	24,418	0	0	24,418
Operating Grants	80,037	0	0	80,037
Total Assets	354,476	7,121	38,109	399,706
Net Working Capital	208,554	7,121	35,586	251,261
Total Equity	301,423	7,121	35,586	344,130

NOTE 12 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1999	\$66,161	\$0	\$106,486	\$172,647
Current Year Set-Aside Requirement	218,645	218,645	0	437,290
Current Year Offset Credits	0	(87,902)	0	(87,902)
Qualifying Disbursements	(265,266)	(130,743)	0	(396,009)
Total	<u>\$19,540</u>	<u>\$0</u>	<u>\$106,486</u>	<u>\$126,026</u>
Set-aside Cash Balance as of June 30, 2000	<u>\$19,540</u>	<u>\$0</u>	<u>\$106,486</u>	<u>\$126,026</u>

Qualifying disbursements and current year offset credits for capital acquisition reserve totaled \$170,933 and \$87,902, which exceeded the required set-aside and the reserve balance.

NOTE 13- RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2000 the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Nationwide Insurance Company	Automobile	\$0
Indiana Insurance Company	Property	\$500
Wausau Insurance	General Liability	\$10,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 14 - INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (WCGRP) - The District participates in the WCGRP, an insurance purchasing pool. The group rating plan for workers' compensation was established under Section 4123.29 of the Ohio Revised Code. The Plan's business and affairs are conducted by an executive committee elected by members of the cooperative. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

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

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government for a public purpose. Payments to SOITA are made from the general fund. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association at 150 East Sixth Street, Franklin, Ohio 45005.

Southwestern Ohio Educational Purchasing Cooperative (SOEPC) - SOEPC is a purchasing cooperative made up of nearly one hundred school districts in twelve counties. The Montgomery County Board of Education acts as fiscal agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district by the fiscal agent. Payments to SOEPC are made from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. State School Funding

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 School District. During the fiscal year ended June 30, 2000, the School District received \$3,753,163 of school foundation support for its general fund.

NOTE 16 - CONTINGENCIES (Continued)

B. State School Funding (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the [Ohio] Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...” including the State’s reliance on local property tax funding, the State’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program. The Court decided to maintain jurisdiction over these issues and continue the case at least until June 15, 2001. As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed in accordance with
*Government Auditing Standards***

December 28, 2000

Board of Education
Brookville Local School District

We have audited the general purpose financial statements of the Brookville Local School District, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be

material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Auditor of State, Board of Education, 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.

Plattenburg & Associates, Inc.
Certified Public Accountants



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OFFICE OF THE AUDITOR

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BROOKVILLE LOCAL SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 23, 2001**