



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



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

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**STATE OF OHIO**



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups June 30, 2000 .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 2000 .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds For the Fiscal Year Ended June 30, 2000 .....	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings / Fund Balances Proprietary Fund Type and Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 2000 .....	10
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 2000 .....	11
Combined Statement of Cash Flows Proprietary Fund Type and Nonexpendable Trust Funds For the Fiscal Year Ended June 30, 2000 .....	12
Notes to the General Purpose Financial Statements - June 30, 2000 .....	13
Schedule of Federal Awards Expenditures For the Fiscal Year Ended June 30, 2000 .....	38
Notes to the Schedule of Federal Awards Expenditures For the Fiscal Year Ended June 30, 2000 .....	39
Report of Independent Accountants on Compliance and Internal Control Required By <i>Government Auditing Standards</i> .....	41
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 ...	43
Schedule of Findings <i>OMB CIRCULAR A -133 § .505</i> .....	45
Schedule of Prior Audit Findings .....	47

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## REPORT OF INDEPENDENT ACCOUNTANTS

Mississinawa Valley Local School District  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Mississinawa Valley Local School District, Darke County, (the School District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mississinawa Valley Local School District, Darke County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2001, 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.

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

**Jim Petro**  
Auditor of State

January 17, 2001

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**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$100,490	\$164,005	\$102,301	\$4,459,727
Cash and Cash Equivalents:				
In Segregated Accounts	0	2,000	0	0
With Fiscal Agents	0	12,231	0	0
Receivables:				
Property and Other Taxes	939,282	0	182,951	87,996
Income Taxes	107,633	0	0	0
Accounts	15,204	0	0	0
Intergovernmental	150	0	0	0
Accrued Interest	1,032	0	0	0
Interfund	2,483	0	0	0
Due From Other Funds	107	0	0	0
Prepaid Items	13,577	0	0	0
Inventory Held for Resale	0	0	0	0
Inventory of Supplies and Materials	31,362	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	164,697	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<u>\$1,376,017</u>	<u>\$178,236</u>	<u>\$285,252</u>	<u>\$4,547,723</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
Liabilities:				
Accounts Payable	\$27,384	\$12,589	\$0	\$20,542
Contracts Payable	0	0	0	115,656
Accrued Wages and Benefits Payable	397,863	37,158	0	0
Due to Other Funds	0	0	0	0
Interfund Payable	0	2,483	0	0
Intergovernmental Payable	65,504	5,847	0	0
Due to Students	0	0	0	0
Deferred Revenue	829,555	0	163,749	77,952
Compensated Absences Payable	5,096	0	0	0
Long-Term Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<b>Total Liabilities</b>	<u>1,325,402</u>	<u>58,077</u>	<u>163,749</u>	<u>214,150</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	0	5,467	0	29,835
Reserved for Inventory of Supplies and Materials	31,362	0	0	0
Reserved for Property Taxes	109,727	0	19,202	10,044
Reserved for Budget Stabilization	15,614	0	0	0
Reserved for Textbooks & Instructional Materials	86,535	0	0	0
Reserved for Bus Purchases	62,548	0	0	0
Reserved for Donations for Nonexpendable Trust Funds	0	0	0	0
Designated	30,629	0	0	0
Unreserved, Undesignated (Deficit)	(285,800)	114,692	102,301	4,293,694
<b>Total Fund Equity and Other Credits</b>	<u>50,615</u>	<u>120,159</u>	<u>121,503</u>	<u>4,333,573</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$1,376,017</u>	<u>\$178,236</u>	<u>\$285,252</u>	<u>\$4,547,723</u>

See Accompanying Notes to the General Purpose Financial Statements



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$86,864	\$436,434	\$0	\$0	\$5,349,821
0	0	0	0	2,000
0	0	0	0	12,231
0	0	0	0	1,210,229
0	0	0	0	107,633
5,693	0	0	0	20,897
0	0	0	0	150
0	0	0	0	1,032
0	0	0	0	2,483
0	0	0	0	107
0	0	0	0	13,577
1,526	0	0	0	1,526
781	0	0	0	32,143
0	0	0	0	164,697
7,198	0	5,005,381	0	5,012,579
0	0	0	121,503	121,503
0	0	0	4,226,764	4,226,764
<u>\$102,062</u>	<u>\$436,434</u>	<u>\$5,005,381</u>	<u>\$4,348,267</u>	<u>\$16,279,372</u>
\$56	\$1,337	\$0	\$0	\$61,908
0	0	0	0	115,656
16,239	0	0	0	451,260
0	107	0	0	107
0	0	0	0	2,483
14,130	0	0	30,633	116,114
0	28,862	0	0	28,862
502	0	0	0	1,071,758
9,314	0	0	216,403	230,813
0	0	0	1,970,000	1,970,000
0	0	0	1,970,047	1,970,047
0	0	0	161,184	161,184
<u>40,241</u>	<u>30,306</u>	<u>0</u>	<u>4,348,267</u>	<u>6,180,192</u>
0	0	5,005,381	0	5,005,381
61,821	0	0	0	61,821
0	0	0	0	35,302
0	0	0	0	31,362
0	0	0	0	138,973
0	0	0	0	15,614
0	0	0	0	86,535
0	0	0	0	62,548
0	373,584	0	0	373,584
0	0	0	0	30,629
0	32,544	0	0	4,257,431
<u>61,821</u>	<u>406,128</u>	<u>5,005,381</u>	<u>0</u>	<u>10,099,180</u>
<u>\$102,062</u>	<u>\$436,434</u>	<u>\$5,005,381</u>	<u>\$4,348,267</u>	<u>\$16,279,372</u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Revenues:</b>						
Property and Other Taxes	\$894,286	\$0	\$103,930	\$83,243	\$0	\$1,081,459
Income Taxes	277,102	0	0	0	0	277,102
Tuition and Fees	98,656	0	0	0	0	98,656
Interest	38,871	0	9,573	52,541	8	100,993
Intergovernmental	2,743,946	417,490	9,808	478,000	0	3,649,244
Extracurricular Activities	0	86,609	0	0	0	86,609
Miscellaneous	3,418	0	0	45	0	3,463
<b>Total Revenues</b>	<b>4,056,279</b>	<b>504,099</b>	<b>123,311</b>	<b>613,829</b>	<b>8</b>	<b>5,297,526</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,620,454	58,479	0	22,376	14	1,701,323
Special	362,466	170,078	0	0	0	532,544
Vocational	188,662	6,916	0	0	0	195,578
Support Services:						
Pupils	100,220	61,388	0	0	1,274	162,882
Instructional Staff	171,941	96,457	0	6,334	0	274,732
Board of Education	6,176	0	0	0	0	6,176
Administration	440,388	35,518	0	0	0	475,906
Fiscal	113,109	787	1,808	1,923	0	117,627
Business	3,701	0	0	0	0	3,701
Operation and Maintenance of Plant	347,176	20	0	84,291	0	431,487
Pupil Transportation	271,774	20	0	74	0	271,868
Central	11,895	615	0	9,900	0	22,410
Extracurricular Activities	93,191	58,330	0	0	0	151,521
Capital Outlay	15,983	0	0	262,684	0	278,667
Debt Service:						
Principal Retirement	41,206	0	0	0	0	41,206
Interest and Fiscal Charges	9,830	0	0	0	0	9,830
<b>Total Expenditures</b>	<b>3,798,172</b>	<b>488,608</b>	<b>1,808</b>	<b>387,582</b>	<b>1,288</b>	<b>4,677,458</b>
Excess of Revenues Over (Under) Expenditures	258,107	15,491	121,503	226,247	(1,280)	620,068
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Bonds	0	0	0	1,969,998	0	1,969,998
Proceeds from Sale of Long-Term Notes	0	0	0	1,970,000	0	1,970,000
Operating Transfers-In	0	13,882	0	0	0	13,882
Operating Transfers-Out	(13,882)	0	0	0	0	(13,882)
<b>Total Other Financing Sources (Uses)</b>	<b>(13,882)</b>	<b>13,882</b>	<b>0</b>	<b>3,939,998</b>	<b>0</b>	<b>3,939,998</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	244,225	29,373	121,503	4,166,245	(1,280)	4,560,066
Fund Balances (Deficit) at Beginning of Year	(199,181)	90,786	0	167,328	2,726	61,659
Increase in Reserve for Inventory	5,571	0	0	0	0	5,571
<b>Fund Balances at End of Year</b>	<b>\$50,615</b>	<b>\$120,159</b>	<b>\$121,503</b>	<b>\$4,333,573</b>	<b>\$1,446</b>	<b>\$4,627,296</b>

See Accompanying Notes to the General Purpose Financial Statements.

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**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property and Other Taxes	\$866,739	\$866,739	\$0	\$0	\$0	\$0
Income Taxes	246,297	246,297	0	0	0	0
Tuition and Fees	103,374	103,374	0	0	0	0
Interest	36,472	36,472	0	0	0	0
Intergovernmental	2,743,796	2,743,796	0	417,490	417,490	0
Extracurricular Activities	0	0	0	86,609	86,609	0
Miscellaneous	2,294	2,294	0	0	0	0
<b>Total Revenues</b>	<b>3,998,972</b>	<b>3,998,972</b>	<b>0</b>	<b>504,099</b>	<b>504,099</b>	<b>0</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,624,852	1,624,266	586	56,178	56,004	174
Special	365,110	365,110	0	175,018	175,018	0
Vocational	200,712	200,207	505	7,270	7,270	0
Other	17,271	17,271	0	0	0	0
Support Services:						
Pupils	106,484	106,484	0	60,575	60,575	0
Instructional Staff	173,234	173,234	0	98,409	98,204	205
Board of Education	6,245	6,245	0	0	0	0
Administration	442,295	442,216	79	35,761	35,736	25
Fiscal	113,278	113,278	0	700	700	0
Business	4,426	4,426	0	0	0	0
Operation and Maintenance of Plant	357,296	357,171	125	0	0	0
Pupil Transportation	274,454	274,454	0	0	0	0
Central	13,185	13,185	0	615	615	0
Extracurricular Activities	92,551	92,551	0	60,817	60,800	17
Capital Outlay	15,983	15,983	0	0	0	0
Debt Service:						
Principal Retirement	41,206	41,206	0	0	0	0
Interest and Fiscal Charges	9,830	9,830	0	0	0	0
<b>Total Expenditures</b>	<b>3,858,412</b>	<b>3,857,117</b>	<b>1,295</b>	<b>495,343</b>	<b>494,922</b>	<b>421</b>
Excess of Revenues Over (Under) Expenditures:	140,560	141,855	1,295	8,756	9,177	421
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	2,806	2,806	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Operating Transfers-In	0	0	0	13,882	13,882	0
Operating Transfers-Out	(13,882)	(13,882)	0	0	0	0
Advances-In	10,893	10,893	0	2,482	2,482	0
Advances-Out	(2,482)	(2,482)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,665)</b>	<b>(2,665)</b>	<b>0</b>	<b>16,364</b>	<b>16,364</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	137,895	139,190	1,295	25,120	25,541	421
Fund Balances at Beginning of Year	83,750	83,750	0	130,357	130,357	0
Prior Year Encumbrances Appropriated	16,912	16,912	0	7,570	7,570	0
<b>Fund Balances at End of Year</b>	<b>\$238,557</b>	<b>\$239,852</b>	<b>\$1,295</b>	<b>\$163,047</b>	<b>\$163,468</b>	<b>\$421</b>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$84,728	\$84,728	\$0	\$74,030	\$74,030	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	39,399	39,399	0	8	8	0
9,808	9,808	0	478,000	478,000	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
94,536	94,536	0	591,429	591,429	0	8	8	0
0	0	0	41,850	41,850	0	14	14	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,274	1,274	0
0	0	0	13,715	13,350	365	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,808	1,808	0	1,957	1,957	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	89,545	88,845	700	0	0	0
0	0	0	74	74	0	0	0	0
0	0	0	8,770	8,770	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	165,096	165,096	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,808	1,808	0	321,007	319,942	1,065	1,288	1,288	0
92,728	92,728	0	270,422	271,487	1,065	(1,280)	(1,280)	0
0	0	0	45	45	0	0	0	0
0	0	0	1,969,998	1,969,998	0	0	0	0
0	0	0	1,970,000	1,970,000	0	0	0	0
9,566	9,566	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	(10,893)	(10,893)	0	0	0	0
9,566	9,566	0	3,929,150	3,929,150	0	0	0	0
102,294	102,294	0	4,199,572	4,200,637	1,065	(1,280)	(1,280)	0
0	0	0	134,666	134,666	0	2,726	2,726	0
0	0	0	50,590	50,590	0	0	0	0
\$102,294	\$102,294	\$0	\$4,384,828	\$4,385,893	\$1,065	\$1,446	\$1,446	\$0

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCES  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$157,880	\$0	\$157,880
Interest	0	20,406	20,406
Total Operating Revenues	<u>157,880</u>	<u>20,406</u>	<u>178,286</u>
<b>Operating Expenses:</b>			
Salaries and Wages	88,471	0	88,471
Fringe Benefits	27,055	0	27,055
Purchased Services	2,141	0	2,141
Supplies and Materials	3,158	0	3,158
Cost of Sales	111,614	0	111,614
Other Operating Expenses	4,897	21,175	26,072
Depreciation	662	0	662
Total Operating Expenses	<u>237,998</u>	<u>21,175</u>	<u>259,173</u>
<b>Operating Loss</b>	<u>(80,118)</u>	<u>(769)</u>	<u>(80,887)</u>
<b>Non-Operating Revenues:</b>			
Interest	438	0	438
Federal and State Subsidies	92,651	0	92,651
Federal Donated Commodities	14,934	0	14,934
Total Non-Operating Revenues	<u>108,023</u>	<u>0</u>	<u>108,023</u>
<b>Net Income (Loss)</b>	27,905	(769)	27,136
Retained Earnings/Fund Balances at Beginning of Year	<u>33,916</u>	<u>405,451</u>	<u>439,367</u>
<b>Retained Earnings/Fund Balances at End of Year</b>	<u>\$61,821</u>	<u>\$404,682</u>	<u>\$466,503</u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds			Nonexpendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Sales	\$158,477	\$158,477	\$0	\$0	\$0	\$0
Federal and State Subsidies	107,232	107,232	0	0	0	0
Interest	438	438	0	20,228	20,228	0
Refund of Prior Year Expense	0	0	0	1,000	1,000	0
<b>Total Revenues</b>	<b>266,147</b>	<b>266,147</b>	<b>0</b>	<b>21,228</b>	<b>21,228</b>	<b>0</b>
<b>Expenses:</b>						
Salaries and Wages	87,907	87,907	0	0	0	0
Fringe Benefits	29,835	29,835	0	0	0	0
Purchased Services	3,718	3,718	0	0	0	0
Supplies and Materials	99,474	99,214	260	0	0	0
Other Operating Expenses	4,963	4,963	0	22,175	22,175	0
Capital Outlay	3,916	3,916	0	0	0	0
<b>Total Expenses</b>	<b>229,813</b>	<b>229,553</b>	<b>260</b>	<b>22,175</b>	<b>22,175</b>	<b>0</b>
Excess of Revenues Over (Under) Expenses	36,334	36,594	260	(947)	(947)	0
Fund Equity at Beginning of Year	48,752	48,752	0	404,187	404,187	0
Prior Year Encumbrances Appropriated	1,098	1,098	0	0	0	0
<b>Fund Equity at End of Year</b>	<b>\$86,184</b>	<b>\$86,444</b>	<b>\$260</b>	<b>\$403,240</b>	<b>\$403,240</b>	<b>\$0</b>

See Accompanying Notes to the General Purpose Financial Statements.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$158,477	\$0	\$158,477
Cash Payments for Employee Services and Benefits	(117,742)	0	(117,742)
Cash Payments to Suppliers for Goods and Services	(103,233)	0	(103,233)
Other Operating Expenses	(4,963)	(21,175)	(26,138)
Net Cash Used In Operating Activities	<u>(67,461)</u>	<u>(21,175)</u>	<u>(88,636)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Federal and State Subsidies Received	107,232	0	107,232
Net Cash Provided By Noncapital Financing Activities	<u>107,232</u>	<u>0</u>	<u>107,232</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(3,195)	0	(3,195)
Net Cash Used In Capital and Related Financing Activities	<u>(3,195)</u>	<u>0</u>	<u>(3,195)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest	438	20,406	20,844
Net Cash Provided By Investing Activities	<u>438</u>	<u>20,406</u>	<u>20,844</u>
Net Increase (Decrease) in Cash and Cash Equivalents	37,014	(769)	36,245
Cash and Cash Equivalents Beginning of Year	<u>49,850</u>	<u>405,451</u>	<u>455,301</u>
<b>Cash and Cash Equivalents End of Year</b>	<u><u>\$86,864</u></u>	<u><u>\$404,682</u></u>	<u><u>\$491,546</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities:</b>			
Operating Loss	(\$80,118)	(\$769)	(\$80,887)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:			
Depreciation	662	0	662
Donated Commodities Received	14,934	0	14,934
Nonexpendable Trust Funds Interest	0	(20,406)	(20,406)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	597	0	597
Decrease in Inventory of Supplies and Materials	339	0	339
Decrease in Inventory Held for Resale	355	0	355
Decrease in Accounts Payable	(2,015)	0	(2,015)
Increase in Accrued Wages and Benefits Payable	1,188	0	1,188
Decrease in Intergovernmental Payable	(3,625)	0	(3,625)
Increase in Compensated Absences Payable	222	0	222
Net Cash Used In Operating Activities	<u><u>(\$67,461)</u></u>	<u><u>(\$21,175)</u></u>	<u><u>(\$88,636)</u></u>
Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Funds to Balance Sheet			
Cash and Cash Equivalents-All Fiduciary Funds		\$436,434	
Cash and Cash Equivalents-Agency Funds and Expendable Trust Funds		<u>(31,752)</u>	
Cash and Cash Equivalents-Nonexpendable Trust Funds		<u><u>\$404,682</u></u>	

See Accompanying Notes to the General Purpose Financial Statements.



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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

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

This Board of Education controls the School District's four instructional/support facilities staffed by 42 noncertified, 55 certificated full time teaching personnel and 4 administrative employees who provide services to 738 students and other community members.

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

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

The School District is associated with three jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

- Metropolitan Dayton Educational Cooperative Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association

**Insurance Purchasing Pool:**

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**A. Basis Of Presentation - Fund Accounting**

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

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

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

**1. Governmental Fund Types**

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

**General Fund**

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

**Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt obligation principal, interest, and related costs.

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**2. Proprietary Fund Type**

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

**Enterprise Funds**

The enterprise funds are used to account for School District's activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. Fiduciary Fund Types**

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

**4. Account Groups**

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

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

All proprietary fund types and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, taxpayer assessed income tax, accounts, interest, and interfund receivables.

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

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

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. A portion of the Eisenhower, title VI-B and early childhood development special revenue funds' grant activity that is administered by a fiscal agent is not budgeted by the School District. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**1. Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Darke County Budget Commission for rate determination.

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. Prior to year end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**3. Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, eight supplemental appropriations were legally enacted; however, none of these amendments were significant.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. In addition, the balance of the Eisenhower, title VI-B and early childhood development activity administered by the fiscal agent is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents." The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District treasury.

During fiscal year 2000, the School District's only investments were limited to funds invested in certificates of deposits and the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$38,871, which includes \$13,457 assigned from other School District funds. The debt service, capital projects, expendable trust, enterprise, and nonexpendable trust funds also received interest revenue of \$9,573, \$52,541, \$8, \$438, and \$20,406, respectively.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

**E. Interfund Receivables/Payables**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**G. Prepaid Items**

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

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of three hundred dollars. The School District does not own any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

**Entitlements**

**General Fund**

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

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Title VI-B
- Disadvantaged Pupil Impact Aid
- Vocational Education
- Title I
- Title VI
- Drug Free Schools
- Educational Management Information System
- Professional Development Block Grant
- Venture Capital
- Career Education
- Vocational Matching Funds
- Public School Preschool
- Eisenhower
- School Net Professional Development
- Summer Intervention
- Title VI-R

**Capital Projects Funds**

- Classroom Facilities
- School Net Plus

**Reimbursable Grants**

**General Fund**

- Driver Education

**Special Revenue Funds**

- Ohio Reads
- E-Rate

**Proprietary Funds**

- National School Breakfast Program
- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to sixty-nine percent of governmental fund revenue during the 2000 fiscal year.



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**J. Compensated Absences**

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

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional material and the creation of a reserve for budget stabilization.

**N. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies and materials, property taxes, budget stabilization, textbook and instructional materials, bus purchases, and donations for nonexpendable trust funds.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for donations for the nonexpendable trust funds signifies the legal restrictions on the use of principal.

**O. Estimates**

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

**P. Fund Designations**

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflects the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside which exceed the statutory required amount. The amount designated for capital improvements and textbooks/instructional materials this year for the School District are \$12,016 and \$18,613, respectively.

**Q. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type and Nonexpendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The School District does not budget for a portion of the activities of the Eisenhower, title VI-B and early childhood development special revenue funds administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Mississinawa Valley Local School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$244,225	\$29,373	\$121,503	\$4,166,245	(\$1,280)
Revenue Accruals	(54,501)	0	(19,209)	(22,355)	0
Expenditure Accruals	(35,994)	5,041	0	128,332	0
Nonbudgeted Funds	0	1,413	0	0	0
Prepaid Items	23	0	0	0	0
Advances	8,411	2,482	0	(10,893)	0
Encumbrances	(22,974)	(12,768)	0	(60,692)	0
Budget Basis	\$139,190	\$25,541	\$102,294	\$4,200,637	(\$1,280)

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING (Continued)**

	Enterprise	Nonexpendable Trust
Net Income (Loss)/Excess of Revenues Over (Under) Expenses Proprietary Fund Type and Nonexpendable Trust Funds		
GAAP Basis	\$27,905	(\$769)
Revenue Accruals	15,178	822
Expense Accruals	(2,842)	(1,000)
Acquisition of Capital Assets	(3,195)	0
Inventory of Supplies and Materials	(339)	0
Inventory Held for Resale	(355)	0
Unrecorded Cash	0	0
Depreciation	662	0
Encumbrances	(420)	0
Budget Basis	\$36,594	(\$947)

**4. DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

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

**Cash on Hand** - At year end, the School District had \$90 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

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

The "cash and cash with fiscal agents" of \$12,231 shown in the special revenue funds is maintained with the Darke County Educational Service Center. GASB 3 disclosure regarding this amount can be obtained from their annual report.

**Deposits** - At fiscal year end, the carrying amount of the School District's deposits was \$1,233,448 and the bank balance was \$1,293,406. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$1,193,406 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

Investments - The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The School District's investment in STAR Ohio had a carrying value and a market value of \$4,282,980 at June 30, 2000.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$5,528,749	\$0
Cash held with the Darke County Educational Service Center	(12,231)	0
Cash on Hand	(90)	0
Star Ohio	(4,282,980)	4,282,980
GASB Statement 3	\$1,233,448	\$4,282,980

**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2000 real property taxes are collected in and intended to finance fiscal year 2001.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**5. PROPERTY TAXES (Continued)**

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$36,614,780	89.07%	\$37,113,250	89.51%
Public Utility Personal	2,426,330	5.90	2,416,040	5.83
Tangible Personal Property	2,065,730	5.03	1,934,180	4.66
<b>Total</b>	<b>\$41,106,840</b>	<b>100.00%</b>	<b>\$41,463,470</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation		\$30.98		\$34.98

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$109,727 in the general fund, \$19,202 in the bond retirement debt service fund and \$7,301 and \$2,743 in the permanent improvement and classroom facilities maintenance capital projects funds.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**6. INCOME TAX**

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The first 0.50 percent tax was effective on January 1, 1990, while the second 0.50 percent tax was effective on January 1, 2000, and both are continuing taxes. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$277,102 was credited to the general fund during fiscal year 2000.

**7. RECEIVABLES**

Receivables at June 30, 2000, consisted of property and other taxes, income taxes, accounts (rent, billing for user charged services and student fees), intergovernmental, interfund and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Intergovernmental receivables consists of \$150 in the general fund for the drivers education program.

**8. FIXED ASSETS**

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

Furniture and Equipment	\$53,454
Less: Accumulated Depreciation	(46,256)
Net Fixed Assets	\$7,198

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

	Balance 6/30/99	Additions	Deductions	Balance 6/30/00
Land and Improvements	\$108,111	\$0	\$0	\$108,111
Buildings	3,087,224	0	0	3,087,224
Vehicles	534,260	0	0	534,260
Furniture and Equipment	1,009,831	85,747	58,277	1,037,301
Construction in Progress	0	238,485	0	238,485
Total General Fixed Assets	\$4,739,426	\$324,232	\$58,277	\$5,005,381

**9. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2000, the School District contracted with Mangas Insurance for property and fleet, general liability, and inland marine insurance. Coverages provided by Mangas Insurance are as follows:



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

Building and Contents-replacement cost (\$500 deductible)	\$12,343,548
Inland Marine Coverage (\$100 deductible)	174,372
Boiler and Machinery (\$500 deductible)	No limit
Crime Insurance	7,000
Automobile Liability (\$250 deductible)	500,000
Uninsured Motorists (\$0 deductible)	350,000
General Liability	
Per occurrence	500,000
Total per year	1,500,000

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

**B. Workers' Compensation**

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the GRP.

**10. CONTRACTUAL COMMITMENTS**

At June 30, 2000, the School District had the following significant contractual commitment:

Company	Project	Contract Remaining Amount
Fanning & Howey, Associates	New K-12 School	\$591,153

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$19,777, \$47,168 and \$50,202, respectively; 21.05 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$15,613 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$126,221, \$120,959 and \$213,437, respectively; 83.72 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$20,544 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$168,294 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$46,280.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to the number of annual work days per contract plus ninety, not to exceed 200 days for classified personnel and 210 days for certified personnel. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 40 days for all employees.

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Community Life Insurance Company, and medical/surgical/dental insurance through Anthem Blue Cross Blue Shield.

**14. LONG-TERM OBLIGATIONS**

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

	Amount Outstanding 6/30/99	Additions	Deductions	Amount Outstanding 6/30/00
Energy Conservation Loan 1993 5.10%	\$202,390	\$0	\$41,206	\$161,184
Bond Anticipation Notes 2000 5.00%	0	1,970,000	0	1,970,000
Capital Facilities Bonds 2000 6.45% - Average	0	1,970,047	0	1,970,047
<b>Total Long Term Debt</b>	<u>202,390</u>	<u>3,940,047</u>	<u>41,206</u>	<u>4,101,231</u>
Other Long Term Obligations:				
Intergovernmental Payable	37,280	30,633	37,280	30,633
Compensated Absences	250,880	0	34,477	216,403
<b>Total Other Long Term Obligations</b>	<u>288,160</u>	<u>30,633</u>	<u>71,757</u>	<u>247,036</u>
<b>Total General Long-Term Obligations</b>	<u>\$490,550</u>	<u>\$3,970,680</u>	<u>\$112,963</u>	<u>\$4,348,267</u>

**Energy Conservation Loan** - On July 1, 1993, Mississinawa Valley School District issued a loan in the amount of \$380,048. The loan was issued for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. It was issued for a ten year period with final maturity during fiscal year 2004, and will be retired from the general fund.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**14. LONG-TERM OBLIGATIONS (Continued)**

**Bond Anticipation Notes** - On January 25, 2000 the School District issued notes in the amount of \$1,970,000. The notes were issued in anticipation of the Classroom Facilities General Obligation Bonds for the purpose of building new school facilities. The notes have a maturity date of August 25, 2000 and will be paid off using the Classroom Facilities Bonds. Since the School District had taken all the legal steps to refinance these notes with bonds prior to the balance sheet date, the notes are recorded as long-term.

**Classroom Facilities General Obligation Bonds** - The School District issued bonds in the amount of \$1,969,998 to pay off the \$1,970,000 Bond Anticipation Notes. Of these bonds, \$930,000 are current bonds, with maturity dates of December 1, 2000 to December 1, 2011 and December 1, 2022. \$49,998 of the bonds are capital appreciation bonds, with maturity dates of December 1, 2012, 2013, and 2014. The maturity amount is \$100,000 for each year. The capital appreciation bonds were accreted \$49 in fiscal year 2000.

The School District issued the general obligation bonds to retire outstanding bond anticipation notes that were issued for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. As a requirement of the loans, the School District was required to pass a 4.0 mill levy. The 4.0 mill levy, of which .5 mill is to be used for capital maintenance projects, with the balance of 3.5 mills to be used for the retirement of the bonds, will be in effect for twenty-three years.

The Mississinawa Valley Local School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the classroom facilities loan to the State. In lieu of the repayment, the School District must set aside the funds received from the .5 mill levy to be used for capital maintenance projects. As part of the process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires.

The intergovernmental payable which represents the contractually required pension obligation paid outside of the available period and compensated absences will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was (\$280,286) the energy conservation debt margin was \$211,988 and the unvoted debt margin was \$41,463 at June 30, 2000. The negative legal debt margin is a result of the School District having Bond Anticipation Notes and Capital Facilities General Obligation Bonds outstanding as of June 30, 2000. Proceeds for the bonds were received prior to the balance sheet date and the notes were not paid off until after June 30, 2000.

Principal and interest requirements to retire the energy conservation loan, bond anticipation notes and capital facilities general obligation bonds are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$2,118,360	\$156,471	\$2,274,831
2002	105,600	103,422	209,022
2003	107,955	98,097	206,052
2004	89,269	92,511	181,780
2005	65,000	88,640	153,640
2006-2022	1,615,047	1,176,380	2,791,427
Total	<u>\$4,101,231</u>	<u>\$1,715,521</u>	<u>\$5,816,752</u>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**15. INTERFUND ACTIVITY**

The general fund has interfund receivables in the amount \$2,483, and due from other funds in the amount of \$107. The title I and title VI-R special revenue funds have interfund payables in the amounts of \$535 and \$1,948, respectively. The student activity agency fund has due to other funds in the amount of \$107.

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$128,738	\$29,142	\$157,880
Depreciation	662	0	662
Operating Loss	(84,334)	4,216	(80,118)
Net Non-Operating Revenues Excluding			
Federal and State Subsidies	15,372	0	15,372
Federal and State Subsidies	92,651	0	92,651
Net Income (Loss)	23,689	4,216	27,905
Fixed Asset Additions	3,195	0	3,195
Net Working Capital	44,646	19,291	63,937
Total Assets	82,771	19,291	102,062
Long-Term Liabilities Payable From Revenue	9,314	0	9,314
Total Equity	42,530	19,291	61,821
Encumbrances Outstanding at June 30, 2000	9	411	420

**17. JOINTLY GOVERNED ORGANIZATION AND INSURANCE PURCHASING POOL**

**A. Jointly Governed Organizations**

**Metropolitan Dayton Educational Cooperative Association:** The School District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment for administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School District paid MDECA \$12,032 for services provided during the year. Financial information can be obtained from Jerry Woodyard, who serves as director, at 201 Riverside Drive, Suite 1C, Dayton, Ohio 45405.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATION AND INSURANCE PURCHASING POOL (Continued)**

**Southwestern Ohio Educational Purchasing Council:** The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. 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, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2000, the School District paid \$2,223 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Southwestern Ohio Instructional Technology Association:** The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation 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, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

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. During fiscal year 2000, the School District paid \$523 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Television Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**B. Insurance Purchasing Pool**

**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan:** The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various EPC representatives that are elected by general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**18. STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,608,941 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$415,000 under this program.

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 continued the case at least until June 15, 2001.

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

**19. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**19. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

	Budget Stabilization	Capital Improvements	Textbooks/ Instructional Materials
Set-aside Reserve Balance as of June 30, 1999	\$15,614	\$0	\$26,046
Current Year Set-aside Requirement	0	82,166	82,166
Additional Money Set-aside (See Note 2.P)	0	12,016	18,613
Current Year Offsets	0	(2,044,030)	0
Qualifying Disbursements	0	0	(21,677)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$15,614</u>	<u>(\$1,949,848)</u>	<u>\$105,148</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$15,614</u>	<u>\$0</u>	<u>\$86,535</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amount below zero. The extra amount for capital improvements may be used as an offset to reduce the set-aside requirements in future fiscal years. The total reserve balance for textbooks/instructional materials and budget stabilization at the end of the fiscal year was \$102,149.

**20. CONTINGENCIES**

**A. Grants**

The School District received 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 School District at June 30, 2000.

**B. Litigation**

The School District did not have any pending litigation.

**21. SUBSEQUENT EVENT**

In July of 2000, the proceeds for the Capital Facilities Bonds that were received in June of 2000, were used to pay off the Bond Anticipation Notes, that were issued during fiscal year 2000.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<b>Federal Grantor Pass through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. Department of Education (Passed through State Department of Education)</b>						
Title I - Grants to Local Educational Agencies	46672-C1-S1-99	84.010	\$52,326	\$0	\$53,407	\$0
	46672-C1-S1-00		156,786	0	141,927	0
<b>Total Title 1</b>			<u>209,112</u>	<u>0</u>	<u>195,334</u>	<u>0</u>
Innovative Education Program Strategies - Title VI	46672-C2-S1-99	84.298	0	0	133	0
	46672-C2-S1-99C		521	0	2,679	0
	46672-C2-S1-00		1,196	0	670	0
<b>Total Title VI</b>			<u>1,717</u>	<u>0</u>	<u>3,482</u>	<u>0</u>
Goals 2000 - State and Local Education Systematic Improvement	46672-G2-S2-99	84.276	0	0	4,628	0
Class Size Reduction	46672-CR-S1-00	84.340	24,399	0	18,347	0
<b>(Passed through Darke Educational Service Center)</b>						
Drug Free Schools Grant	N/A	84.186	0	0	596	0
			0	0	2,416	0
			3,402	0	412	0
<b>Total Drug Free Schools Grant</b>			<u>3,402</u>	<u>0</u>	<u>3,424</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>238,630</u>	<u>0</u>	<u>225,215</u>	<u>0</u>
<b>U.S. Department of Agriculture (Passed through State Department of Education)</b>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	46672-05-PU-99/0	10.553	10,467	0	10,467	0
National School Lunch Program	46672-04-PU-99/0	10.555	89,165	0	89,165	0
Food Distribution / Commodities	N/A	10.550	0	14,602	0	14,935
<b>Total U.S. Department of Agriculture</b>			<u>99,632</u>	<u>14,602</u>	<u>99,632</u>	<u>14,935</u>
<b>Total Federal Assistance</b>			<u>\$338,262</u>	<u>\$14,602</u>	<u>\$324,847</u>	<u>\$14,935</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE A –SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B -NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had \$502 in donated food commodity inventory.

**NOTE C - MATCHING REQUIREMENTS**

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

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mississinawa Valley Local School District  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Board of Education:

We have audited the financial statements of Mississinawa Valley Local School District, Darke County, (the School District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 17, 2001. 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 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10319-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 17, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 17, 2001.

Mississinawa Valley Local School District  
Darke County  
Report of Independent Accountants on Compliance and Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

January 17, 2001



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

Mississinawa Valley Local School District  
Darke County  
419 East Elm Street  
Union City, Ohio 45390

To the Board of Education:

**Compliance**

We have audited the compliance of Mississinawa Valley Local School District, Darke County, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

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

**Internal Control Over Compliance  
(Continued)**

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

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

**Jim Petro**  
Auditor of State

January 17, 2001



**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<b>Title I Grants to Local Educational Agencies - CFDA #84.010</b>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	<b>Type A: &gt; \$ 300,000 Type B: all others</b>
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>Yes</b>

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2000**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	2000-10319-001
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**Ohio Administrative Code 117-2-12 (B)**, requires each School District to post to each receipt account the estimated amount of money anticipated to be received into the account as specified by the budget commission in its official estimate of balances and receipts set forth in the certificate of estimated resources. This estimated amount shall be entered in the "Balance" column under the heading "Memoranda."

The estimated resources approved by the County Budget Commission per the Certificate of Estimated Resources were not posted to the School District's computer system until fiscal year end. Amendments to the estimated revenues as approved by the County Budget Commission were requested at fiscal year end, and only then were the estimated revenues posted to the School District's computer system. In addition, the amounts appropriated by the Board were posted to the School District's computer system, however, they were not accurately posted to the School District's computer system.

Failure to request timely amendments to the estimated resources amounts and/or failure to timely post the approved resources to the School District's computer system, allows for inaccurate information to be provided on the monthly financial/budget reports and does not allow for effective monitoring of the budget by the administration and Board.

The estimated revenues as approved by the County Budget Commission per the Certificate of Estimated Resources (original and all amendments) should be posted to the School District's computer system promptly. The budgeted revenues as approved by the County Budget Commission and the appropriations as approved by the Board of Education should be reconciled to the amounts posted to the School District's computer system.

**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i><b>Explain:</b></i>
1998-10319-001	Ohio Revised Code Section 5705.41(B) - Expenditures plus Encumbrances exceed Appropriations	Yes	Corrected
1999-10319-001	Lunchroom Ticket Accountability	No	Partially Corrected - reduced to Management Letter
1999-10319-002	Lunchroom Source Documentation and Reconciliation Procedures	No	Partially Corrected - reduced to Management Letter





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MISSISSINAWA VALLEY LOCAL SCHOOL DISTRICT**

**DARKE 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  
FEBRUARY 13, 2001**