



**MEIGS LOCAL SCHOOL DISTRICT  
MEIGS COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



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

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**STATE OF OHIO**



## TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund .....	9
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - All Proprietary Fund Types .....	14
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types .....	15
Combined Statement of Cash Flows - All Proprietary Fund Types .....	18
Notes to the General Purpose Financial Statements .....	19
Schedule of Federal Awards Receipts and Expenditures .....	41
Notes to Schedule of Federal Awards Receipts and Expenditures .....	42
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i> .....	43
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 .....	45
Schedule of Findings - <i>OMB Circular A-133 §.505</i> .....	47

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## REPORT OF INDEPENDENT ACCOUNTANTS

Meigs Local School District  
Meigs County  
320 East Main Street  
Pomeroy, Ohio 45769

To the Board of Education:

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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 Meigs Local School District, Meigs County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying general purpose financial statements, during the year ended June 30, 1999, the School District changed its method of accounting and financial reporting for its Internal Revenue Code Section 457 Deferred Compensation Plans

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made 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 Receipts and 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

January 11, 2000

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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<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>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$809,623	\$384,760	\$565	\$196,577
Investments				
In Segregated Accounts	0	0	0	0
Receivables:				
Property and Other Local Taxes	2,752,467	0	108,787	637,867
Accounts	12,333	797	0	10,519
Intergovernmental	7,097	116,000	0	0
Interfund	92,538	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	66,863	1,954	0	0
Prepaid Items	25,329	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	133,338	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$3,899,588</u></b>	<b><u>\$503,511</u></b>	<b><u>\$109,352</u></b>	<b><u>\$844,963</u></b>



<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Types</b>	<b>Account Groups</b>		<b>Totals (Memorandum Only)</b>
<b>Enterprise</b>	<b>Internal Service</b>	<b>Trust and Agency</b>	<b>General Fixed Assets</b>	<b>General Long-Term Obligation</b>	
\$6,042	\$962,652	\$53,833	\$0	\$0	\$2,414,052
0	0	150,223	0	0	150,223
0	0	0	0	0	3,499,121
436	0	99	0	0	24,184
55,119	0	0	0	0	178,216
0	0	0	0	0	92,538
9,694	0	0	0	0	9,694
1,603	0	0	0	0	70,420
0	0	0	0	0	25,329
0	0	0	0	0	133,338
126,395	0	0	13,507,980	0	13,634,375
0	0	0	0	565	565
0	0	0	0	1,453,536	1,453,536
<b>\$199,289</b>	<b>\$962,652</b>	<b>\$204,155</b>	<b>\$13,507,980</b>	<b>\$1,454,101</b>	<b>\$21,685,591</b>

(Continued)

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$21,765	\$7,366	\$0	\$3,828
Accrued Wages and Benefits	1,087,663	213,523	0	0
Compensated Absences Payable	44,135	2,266	0	0
Interfund Payable	0	41,091	0	0
Intergovernmental Payable	219,588	47,549	0	40
Deferred Revenue	2,212,462	0	108,787	502,866
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,585,613</b>	<b>311,795</b>	<b>108,787</b>	<b>506,734</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	77,035	123,756	0	35,062
Reserved for Inventory	66,863	1,954	0	0
Reserved for Budget Stabilization	133,338	0	0	0
Reserved for Property Taxes	508,713	0	0	127,178
Unreserved, Undesignated (Deficit)	(471,974)	66,006	565	175,989
<b>Total Fund Equity and Other Credits</b>	<b>313,975</b>	<b>191,716</b>	<b>565</b>	<b>338,229</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$3,899,588</b>	<b>\$503,511</b>	<b>\$109,352</b>	<b>\$844,963</b>

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$353	\$0	\$504	\$0	\$0	\$33,816
60,093	0	0	0	0	1,361,279
13,382	0	0	0	653,447	713,230
51,447	0	0	0	0	92,538
25,996	0	0	0	98,154	391,327
3,679	0	0	0	0	2,827,794
0	0	51,672	0	0	51,672
0	207,196	0	0	0	207,196
0	0	0	0	702,500	702,500
<u>154,950</u>	<u>207,196</u>	<u>52,176</u>	<u>0</u>	<u>1,454,101</u>	<u>6,381,352</u>
0	0	0	13,507,980	0	13,507,980
87,282	0	0	0	0	87,282
(42,943)	755,456	0	0	0	712,513
0	0	0	0	0	235,853
0	0	0	0	0	68,817
0	0	0	0	0	133,338
0	0	0	0	0	635,891
0	0	151,979	0	0	(77,435)
<u>44,339</u>	<u>755,456</u>	<u>151,979</u>	<u>13,507,980</u>	<u>0</u>	<u>15,304,239</u>
<u>\$199,289</u>	<u>\$962,652</u>	<u>\$204,155</u>	<u>\$13,507,980</u>	<u>\$1,454,101</u>	<u>\$21,685,591</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expensible Trust
<b>Revenues:</b>						
Property Taxes	\$2,425,388	\$0	\$73,575	\$594,946	\$0	\$3,093,909
Intergovernmental	9,109,470	2,187,172	0	117,919	0	11,414,561
Interest	87,051	0	0	1,179	61,647	149,877
Tuition and Fees	60,689	0	0	0	0	60,689
Rent	100	1,275	0	0	0	1,375
Extracurricular Activities	0	73,247	0	0	0	73,247
Miscellaneous	25,162	52,747	0	12,311	99	90,319
<b>Total Revenues</b>	<b>11,707,860</b>	<b>2,314,441</b>	<b>73,575</b>	<b>726,355</b>	<b>61,746</b>	<b>14,883,977</b>
<b>Expenditures:</b>						
Current:						
Instruction						
Regular	4,297,333	655,464	0	105,924	0	5,058,721
Special	1,120,074	804,841	0	0	0	1,924,915
Vocational	1,030,351	26,193	0	6,239	0	1,062,783
Other	27,626	12,640	0	0	0	40,266
Support Services						
Pupils	184,325	161,833	0	3,194	0	349,352
Instructional Staff	78,182	305,413	0	23,958	0	407,553
Board of Education	22,307	0	0	0	0	22,307
Administration	1,591,412	100,057	0	9,894	0	1,701,363
Fiscal	302,142	2,321	0	20,328	0	324,791
Operation and Maintenance of Plant	1,084,065	7,060	0	9,130	0	1,100,255
Pupil Transportation	1,077,900	1,250	0	0	0	1,079,150
Central	0	0	0	199,443	0	199,443
Non-Instructional Services	0	0	0	21,809	0	21,809
Extracurricular Activities	94,796	80,935	0	1,610	0	177,341
Capital Outlay	0	106,473	0	1,243,824	21,022	1,371,319
Debt Service:						
Principal Retirement	0	0	50,000	0	0	50,000
Interest and Fiscal Charges	0	0	23,560	0	0	23,560
<b>Total Expenditures</b>	<b>10,910,513</b>	<b>2,264,480</b>	<b>73,560</b>	<b>1,645,353</b>	<b>21,022</b>	<b>14,914,928</b>
Excess of Revenues Over/ ( Under) Expenditures	797,347	49,961	15	(918,998)	40,724	(30,951)
<b>Other Financing Sources (Uses):</b>						
Proceeds from the Sale of Notes	0	0	0	462,500	0	462,500
Proceeds from the Sale of Fixed Assets	2,800	0	0	0	0	2,800
Operating Transfers Out	(55,594)	0	0	0	0	(55,594)
<b>Total Other Financing Sources (Uses)</b>	<b>(52,794)</b>	<b>0</b>	<b>0</b>	<b>462,500</b>	<b>0</b>	<b>409,706</b>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Uses	744,553	49,961	15	(456,498)	40,724	378,755
Fund Balances (Deficit) at Beginning of Year	(436,630)	140,880	550	794,727	111,255	610,782
Increase in Reserve for Inventory	6,052	875	0	0	0	6,927
<b>Fund Balances at End of Year</b>	<b>\$313,975</b>	<b>\$191,716</b>	<b>\$565</b>	<b>\$338,229</b>	<b>\$151,979</b>	<b>\$996,464</b>

See accompanying notes to the general purpose financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property and Other Local Taxes	\$2,154,698	\$2,154,698	\$0
Intergovernmental	9,102,373	9,102,373	0
Interest	83,735	87,051	3,316
Tuition and Fees	61,432	61,432	0
Rent	100	100	0
Extracurricular Activities	0	0	0
Miscellaneous	89,331	89,331	0
<b>Total Revenues</b>	<b>11,491,669</b>	<b>11,494,985</b>	<b>3,316</b>
<b>Expenditures:</b>			
Current:			
Instruction			
Regular	4,262,088	4,262,088	0
Special	1,116,225	1,116,225	0
Vocational	1,010,767	1,010,767	0
Other	28,331	28,331	0
Support Services			
Pupils	184,835	184,835	0
Instructional Staff	90,180	90,180	0
Board of Education	22,109	22,109	0
Administration	1,566,158	1,566,158	0
Fiscal	301,954	301,954	0
Operation and Maintenance of Plant	1,092,617	1,092,617	0
Pupil Transportation	1,110,588	1,110,588	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	93,276	93,276	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>10,879,128</b>	<b>10,879,128</b>	<b>0</b>
<b>Excess of Revenues Over Expenditures</b>	<b>612,541</b>	<b>615,857</b>	<b>3,316</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the Sale of Energy Conservation Not	0	0	0
Proceeds from Sale of Fixed Assets	2,800	2,800	0
Advances In	15,800	15,800	0
Operating Transfers Out	(55,594)	(55,594)	0
Advances Out	(93,064)	(93,064)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(130,058)</b>	<b>(130,058)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>482,483</b>	<b>485,799</b>	<b>3,316</b>
<b>Fund Balances at Beginning of Year</b>	<b>252,549</b>	<b>252,549</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>109,097</b>	<b>109,097</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$844,129</b>	<b>\$847,445</b>	<b>\$3,316</b>

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

	<b>Special Revenue Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes	\$0	\$0	\$0
Intergovernmental	2,116,349	2,116,349	0
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	1,275	1,275	0
Extracurricular Activities	73,247	73,247	0
Miscellaneous	51,950	51,950	0
<b>Total Revenues</b>	<b>2,242,821</b>	<b>2,242,821</b>	<b>0</b>
<b>Expenditures:</b>			
Current:			
Instruction			
Regular	667,589	667,589	0
Special	846,573	846,573	0
Vocational	82,966	82,966	0
Other	0	0	0
Support Services			
Pupils	155,204	155,204	0
Instructional Staff	290,640	290,640	0
Board of Education	0	0	0
Administration	133,228	133,228	0
Fiscal	2,321	2,321	0
Operation and Maintenance of Plant	7,060	7,060	0
Pupil Transportation	1,225	1,225	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	80,630	80,630	0
Capital Outlay	106,473	106,473	0
Debt Service:			
Principal Retirement	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>2,373,909</b>	<b>2,373,909</b>	<b>0</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(131,088)</b>	<b>(131,088)</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the Sale of Energy Conservation	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	41,617	41,617	0
Operating Transfers Out	0	0	0
Advances Out	(15,800)	(15,800)	0
<b>Total Other Financing Sources (Uses)</b>	<b>25,817</b>	<b>25,817</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(105,271)</b>	<b>(105,271)</b>	<b>0</b>
<b>Fund Balances at Beginning of Year</b>	<b>338,381</b>	<b>338,381</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>22,909</b>	<b>22,909</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$256,019</b>	<b>\$256,019</b>	<b>\$0</b>

Debt Service Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$73,575	\$73,575	\$0	\$526,858	\$526,858	\$0
0	0	0	117,919	117,919	0
0	0	0	1,179	1,179	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,792	1,792	0
<u>73,575</u>	<u>73,575</u>	<u>0</u>	<u>647,748</u>	<u>647,748</u>	<u>0</u>
0	0	0	105,923	105,923	0
0	0	0	0	0	0
0	0	0	6,239	6,239	0
0	0	0	0	0	0
0	0	0	3,194	3,194	0
0	0	0	24,483	24,483	0
0	0	0	0	0	0
0	0	0	9,894	9,894	0
0	0	0	20,329	20,329	0
0	0	0	6,800	6,800	0
0	0	0	0	0	0
0	0	0	214,469	214,469	0
0	0	0	21,809	21,809	0
0	0	0	1,610	1,610	0
0	0	0	1,401,348	1,401,348	0
50,000	50,000	0	0	0	0
23,560	23,560	0	0	0	0
<u>73,560</u>	<u>73,560</u>	<u>0</u>	<u>1,816,098</u>	<u>1,816,098</u>	<u>0</u>
15	15	0	(1,168,350)	(1,168,350)	0
0	0	0	462,500	462,500	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
<u>0</u>	<u>0</u>	<u>0</u>	<u>462,500</u>	<u>462,500</u>	<u>0</u>
15	15	0	(705,850)	(705,850)	0
550	550	0	796,902	796,902	0
0	0	0	66,635	66,635	0
<u>\$565</u>	<u>\$565</u>	<u>\$0</u>	<u>\$157,687</u>	<u>\$157,687</u>	<u>\$0</u>

(Continued)

**Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types and Expendable Trust Fund  
For the Fiscal Year Ended June 30, 1999  
(Continued)**

	<b>Expendable Trust Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	3,601	61,647	58,046
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>3,601</b>	<b>61,647</b>	<b>58,046</b>
<b>Expenditures:</b>			
Current:			
Instruction			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	5,000	0	5,000
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	21,022	21,022	0
Debt Service:			
Principal Retirement	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>26,022</b>	<b>21,022</b>	<b>5,000</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(22,421)</b>	<b>40,625</b>	<b>63,046</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from the Sale of Energy Conservation Nc	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>(22,421)</b>	<b>40,625</b>	<b>63,046</b>
Fund Balances at Beginning of Year	111,255	111,255	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Balances at End of Year</b>	<b>\$88,834</b>	<b>\$151,880</b>	<b>\$63,046</b>

See accompanying notes to the general purpose financial statements.



<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$2,755,131	\$2,755,131	\$0
11,336,641	11,336,641	0
88,515	149,877	61,362
61,432	61,432	0
1,375	1,375	0
73,247	73,247	0
143,073	143,073	0
<u>14,459,414</u>	<u>14,520,776</u>	<u>61,362</u>
5,035,600	5,035,600	0
1,962,798	1,962,798	0
1,099,972	1,099,972	0
28,331	28,331	0
343,233	343,233	0
405,303	405,303	0
22,109	22,109	0
1,714,280	1,709,280	5,000
324,604	324,604	0
1,106,477	1,106,477	0
1,111,813	1,111,813	0
214,469	214,469	0
21,809	21,809	0
175,516	175,516	0
1,528,843	1,528,843	0
50,000	50,000	0
23,560	23,560	0
<u>15,168,717</u>	<u>15,163,717</u>	<u>5,000</u>
<u>(709,303)</u>	<u>(642,941)</u>	<u>66,362</u>
462,500	462,500	0
2,800	2,800	0
57,417	57,417	0
(55,594)	(55,594)	0
(108,864)	(108,864)	0
<u>358,259</u>	<u>358,259</u>	<u>0</u>
(351,044)	(284,682)	66,362
1,499,637	1,499,637	0
198,641	198,641	0
<u>\$1,347,234</u>	<u>\$1,413,596</u>	<u>\$66,362</u>

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Revenues:</b>			
Sales	\$245,329	\$0	\$245,329
Charges for Services	2,264	2,120,384	2,122,648
Other Revenues	18,969	0	18,969
	<u>266,562</u>	<u>2,120,384</u>	<u>2,386,946</u>
<b>Operating Expenses:</b>			
Salaries	279,121	0	279,121
Fringe Benefits	168,903	0	168,903
Purchased Services	14,582	183,459	198,041
Materials and Supplies	42,627	0	42,627
Cost of Sales	340,786	0	340,786
Depreciation	6,516	0	6,516
Claims	0	1,434,622	1,434,622
Other	1,031	0	1,031
	<u>853,566</u>	<u>1,618,081</u>	<u>2,471,647</u>
Operating Income (Loss)	<u>(587,004)</u>	<u>502,303</u>	<u>(84,701)</u>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	42,737	0	42,737
Operating Grants	474,806	0	474,806
	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenues	<u>517,543</u>	<u>0</u>	<u>517,543</u>
Income (Loss) Before Operating Transfers	(69,461)	502,303	432,842
Operating Transfers In	55,594	0	55,594
Net Income (Loss)	(13,867)	502,303	488,436
Retained Earnings/Fund Balance at Beginning of Year	<u>(29,076)</u>	<u>253,153</u>	<u>224,077</u>
Retained Earnings/Fund Balance (Deficit) at End of Year	<u>(42,943)</u>	<u>755,456</u>	<u>712,513</u>
Contributed Capital at Beginning of Year	75,272	0	75,272
Contributions During the Year: Other Funds	<u>12,010</u>	<u>0</u>	<u>12,010</u>
Contributed Capital at End of Year	<u>87,282</u>	<u>0</u>	<u>87,282</u>
<b>Total Fund Equity at End of Year</b>	<b><u>\$44,339</u></b>	<b><u>\$755,456</u></b>	<b><u>\$799,795</u></b>

See accompanying notes to the general purpose financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Sales	\$245,086	\$245,101	\$15
Charges for Services	2,056	2,056	0
Interest	0	0	0
Other Revenues	18,969	18,969	0
Operating Grants	419,686	419,686	0
Total Revenues	<u>685,797</u>	<u>685,812</u>	<u>15</u>
<b>Expenses</b>			
Salaries	255,053	255,053	0
Fringe Benefits	185,011	185,011	0
Purchased Services	14,582	14,582	0
Materials and Supplies	339,149	339,149	0
Capital Outlay	968	968	0
Claims	0	0	0
Other Expenses	1,031	1,031	0
Total Expenses	<u>795,794</u>	<u>795,794</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses Before Transfers and Advances	(109,997)	(109,982)	15
Transfers In	55,594	55,594	0
Advances In	51,447	51,447	0
Excess of Revenues Over (Under) Expenses and Transfers and Advances	(2,956)	(2,941)	15
Fund Equity at Beginning of Year	8,266	8,266	0
Prior Year Encumbrances Appropriated	436	436	0
<b>Fund Equity at End of Year</b>	<b><u>\$5,746</u></b>	<b><u>\$5,761</u></b>	<b><u>\$15</u></b>

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

	<u>Internal Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Sales	\$0	\$0	\$0
Charges for Services	2,120,384	2,120,384	0
Interest	0	0	0
Other Revenues	0	0	0
Operating Grants	0	0	0
<b>Total Revenues</b>	<u>2,120,384</u>	<u>2,120,384</u>	<u>0</u>
<b>Expenses:</b>			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	429,129	196,197	232,932
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Claims	1,513,565	1,513,565	0
Other Expenses	0	0	0
<b>Total Expenses</b>	<u>1,942,694</u>	<u>1,709,762</u>	<u>232,932</u>
Excess of Revenues Over (Under) Expenses Before Transfers and Advances	177,690	410,622	232,932
Transfers In	0	0	0
Advances In	0	0	0
Excess of Revenues Over (Under) Expenses and Transfers and Advances	177,690	410,622	232,932
Fund Equity at Beginning of Year	552,030	552,030	0
Prior Year Encumbrances Appropriated	0	0	0
<b>Fund Equity at End of Year</b>	<u><b>\$729,720</b></u>	<u><b>\$962,652</b></u>	<u><b>\$232,932</b></u>

See accompanying notes to the general purpose financial statements.

<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$245,086	\$245,101	\$15
2,122,440	2,122,440	0
0	0	0
18,969	18,969	0
419,686	419,686	0
<u>2,806,181</u>	<u>2,806,196</u>	<u>15</u>
255,053	255,053	0
185,011	185,011	0
443,711	210,779	232,932
339,149	339,149	0
968	968	0
1,513,565	1,513,565	0
1,031	1,031	0
<u>2,738,488</u>	<u>2,505,556</u>	<u>232,932</u>
67,693	300,640	232,947
55,594	55,594	0
51,447	51,447	0
174,734	407,681	232,947
560,296	560,296	0
436	436	0
<u><b>\$735,466</b></u>	<u><b>\$968,413</b></u>	<u><b>\$232,947</b></u>

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$247,157	\$0	\$247,157
Cash Received from Quasi-External Transactions	0	2,120,384	2,120,384
Cash Payments to Suppliers for Goods and Services	(354,482)	(1,709,762)	(2,064,244)
Cash Payments for Employees Services and Benefits	(440,064)	0	(440,064)
Other Operating Revenue	18,970	0	18,970
Net Cash Provided by (Used for) Operating Activities	<u>(528,419)</u>	<u>410,622</u>	<u>(117,797)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In	55,594	0	55,594
Advances In	51,447	0	51,447
Operating Grants Received	419,686	0	419,686
Net Cash Provided by Noncapital Financing Activities	<u>526,727</u>	<u>0</u>	<u>526,727</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Payments for Capital Acquisitions	(968)	0	(968)
Net Cash Used for Capital and Related Financing Activities	<u>(968)</u>	<u>0</u>	<u>(968)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,660)	410,622	407,962
Cash and Cash Equivalents at Beginning of Year	8,702	552,030	560,732
Cash and Cash Equivalents at End of Year	<u>\$6,042</u>	<u>\$962,652</u>	<u>\$968,694</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	(\$587,004)	\$502,303	(\$84,701)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	6,516	0	6,516
Donated Commodities Used During Year	42,737	0	42,737
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(436)	0	(436)
Decrease in Inventory Held for Resale	4,075	0	4,075
Decrease in Materials and Supplies Inventory	286	0	286
Increase (Decrease) in Accounts Payable	353	(12,738)	(12,385)
Decrease in Claims Payable	0	(78,943)	(78,943)
Increase in Accrued Wages and Benefits	25,796	0	25,796
Decrease in Compensated Absences Payable	(1,727)	0	(1,727)
Increase in Intergovernmental Payable	4,182	0	4,182
Decrease in Due to Other Funds	(20,290)	0	(20,290)
Decrease in Deferred Revenue	(2,907)	0	(2,907)
Total Adjustments	<u>58,585</u>	<u>(91,681)</u>	<u>(33,096)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b><u>(\$528,419)</u></b>	<b><u>\$410,622</u></b>	<b><u>(\$117,797)</u></b>

**Non-Cash Activities:**

The food service enterprise fund received \$12,010 in fixed assets from the general fixed assets account group during fiscal year 1999.

See accompanying notes to the general purpose financial statements.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**Note 1 - Description of the School District and Reporting Entity**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's nine instructional/support facilities staffed by 98 classified, 177 certificated full time teaching personnel and 7 administrators who provide services to 2,284 students and other community members.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Meigs Local School District, this includes general operations, food service, preschool, vocational 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 for the organization. The School District has no component units.

The School District is associated with the Southeast Ohio Voluntary Educational Consortium (SEOVEC), which is defined as a jointly governed organization, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as a group insurance purchasing pool. These organizations are discussed in Note 17 to the general purpose financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of Meigs 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.

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

The School District uses funds and account groups to report 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

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

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

**Special Revenue Funds** Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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 principal, interest and related costs.

**Capital Projects Funds** 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).

**Proprietary Fund Types** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

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

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

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

**Account Groups** To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term 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 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 funds.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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***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 fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types 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 type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

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, 1999, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses 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 Data***

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. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**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 County Budget Commission for rate determination.

**Estimated Resources** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

**Appropriations** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is 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. 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, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Lapsing of Appropriations** At the close of each 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 Investments**

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.

During fiscal year 1999, investments were limited to STAR Ohio and common stock, which are reported at fair value based on quoted market prices.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$87,051, which includes \$45,999 assigned from other School District funds.

The School District has donated stock as part of its expendable trust fund. The investment is presented on the combined balance sheet as "investment in segregated accounts" since it is not required to be deposited in the School District Treasury. (See Note 6 - Deposits and Investments).

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. Investments with an initial maturity of more than three months are reported as investments.

***E. 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 spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food and expendable supplies held for consumption and are expended when used.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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.

***G. 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 five hundred dollars. The School District does not possess 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 twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**H. 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 became 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

**Special Revenue Funds**

Disadvantaged Pupil Impact Aid

**Non-Reimbursable Grants**

**Special Revenue Funds**

Title VIB  
Disadvantaged Pupil Program  
Eisenhower Grant  
Vocational Education  
Title I  
Title VI  
Drug Free Schools  
Educational Management Information System  
Professional Development  
Textbook Subsidy  
Venture Capital  
Goals 2000 Intervention

**Capital Projects Funds**

School Net Plus  
Technology Equity  
Emergency Repair Grant

**Reimbursable Grants**

**General Fund**

Driver Education

**Proprietary Funds**

National School Breakfast Program  
National School Lunch Program  
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 77 percent of governmental fund revenue during the 1999 fiscal year.

**I. Interfund Assets/Liabilities**

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".

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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***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. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term 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, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits 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 expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Long-term loans are recognized as a liability of the general long-term obligations account group until due.

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

***L. 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. Residual equity transfers in and out do not balance. All other interfund transfers are reported as operating transfers.

***M. 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, inventories of supplies and materials, property taxes and budget stabilization.

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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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***N. Contributed Capital***

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1998, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

***O. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculation of the year end restricted asset balance and the corresponding fund balance reserves.

***P. 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.

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

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

**Note 3 - Change in Accounting Principle**

For fiscal year 1999, the School District implemented GASB Statement No. 32, "Deferred Compensation Plans". This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

**Note 4 - Fund Deficits**

The following funds had deficit fund balances/retained earnings at June 30, 1999:

	<u>Deficit Fund Balances/ Retained Earnings</u>
Special Revenue Funds:	
Disadvantaged Pupils Impact Aid	\$145,137
Professional Development	1,012
Enterprise Fund:	
Food Service	58,692

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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The deficits in special revenue funds resulted from the application of generally accepted accounting principles. The deficit in the food service enterprise fund is the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit. The general fund is liable for any deficit in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

**Note 5 - 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 and Actual (Budget Basis), All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), All Proprietary Fund Types 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 types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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 Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendab le Trust
GAAP Basis	\$744,553	\$49,961	\$15	(\$456,498)	\$40,724
Revenue Accruals	(212,875)	(71,620)	0	(78,607)	(99)
Expenditure Accruals	152,230	19,313	0	(131,855)	0
Prepaid Items	(25,329)	0	0	0	0
Advances In	15,800	41,617	0	0	0
Advances Out	(93,064)	(15,800)	0	0	0
Encumbrances	(95,516)	(128,742)	0	(38,890)	0
Budget Basis	<u>\$485,799</u>	<u>(\$105,271)</u>	<u>\$15</u>	<u>(\$705,850)</u>	<u>\$40,625</u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses and  
Advances  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$13,867)	\$502,303
Revenue Accruals	(98,293)	0
Advances In	51,447	0
Expense Accruals	51,536	(91,681)
Depreciation Expense	6,516	0
Encumbrances	(280)	0
Budget Basis	<u>(\$2,941)</u>	<u>\$410,622</u>

**Note 6 - 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.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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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;
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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

**Deposits** At year end, the carrying amount of the School District's deposits was \$1,920,457 and the bank balance was \$1,989,420. Of the bank balance:

1. \$100,279 was covered by federal depository insurance; and
2. \$1,889,141 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 FDIC.

**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 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.

	Category 1	Fair Value
Common Stock	\$150,223	\$150,223
STAR Ohio		626,933
Total Investments		\$777,156

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, "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	\$2,547,390	\$150,223
STAR Ohio	(626,933)	626,933
GASB Statement 3	\$1,920,457	\$777,156

**Note 7 - 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. 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 fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$72,509,650	66%	\$82,763,860	67%
Tangible Personal Property	16,396,710	15%	15,998,460	13%
Public Utility Personal	21,480,250	19%	25,295,910	20%
<b>Total</b>	<b>\$110,386,610</b>	<b>100%</b>	<b>\$124,058,230</b>	<b>100%</b>
 Tax rate per \$1,000 of assessed valuation	 \$25.00		 \$25.00	

The School District receives property taxes from Meigs 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, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was not received until July, 1999 in the amount of \$31,292 in the General Fund and \$7,823 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 1999, was \$635,891 and is recognized as revenue. \$508,713 was available to the General Fund and \$127,178 was available to the Permanent Improvement Capital Projects Fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**Note 8 - Receivables**

Receivables at June 30, 1999, consisted of taxes, accounts (rent and tuition), interfund, due from other funds and intergovernmental grants. 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. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Perkins Grant	\$7,025
Tuition and Fees	72
Total General Fund	7,097
Special Revenue Funds:	
School Conflict Management	22,783
Perkins Grant	15,217
Title I	78,000
Total Special Revenue Funds	116,000
Enterprise Fund:	
Food Service Reimbursements	55,119
Total Intergovernmental Receivables	\$178,216

**Note 9 - Fixed Assets**

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

Furniture and Equipment	\$393,031
Less: accumulated depreciation	(266,636)
Net Fixed Assets	\$126,395

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

	Balance 6/30/98	Additions	Deductions	Balance 6/30/99
Land and Improvements	\$377,036	\$140,959	\$0	\$517,995
Buildings	5,988,354	1,179,513	1,800	7,166,067
Vehicles	1,637,173	206,614	147,200	1,696,587
Furniture and Equipment	2,517,355	509,491	4,704	3,022,142
Educational Media	1,058,377	46,812	0	1,105,189
Construction in Progress	117,756	0	117,756	0
Total General Fixed Assets	\$11,696,051	\$2,083,389	\$271,460	\$13,507,980

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**Note 10 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 1999, the School District contracted with Nationwide Insurance for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy.

Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Insurance and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$207,196 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$294,777	\$1,477,557	\$1,486,195	\$286,139
1999	286,139	1,434,622	1,513,565	207,196

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**Note 11 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

The School District participates in 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 financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, 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. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$313,097, \$625,320, and \$694,234, respectively; 80 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$62,597 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (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 State statute per 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.

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 School District 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 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$106,176, \$166,327, and \$174,443, respectively; 36 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$67,993 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**Note 12 - Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

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 Ohio law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$417,463 during fiscal 1999.

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

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and 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, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, and increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during fiscal year 1999 equaled \$121,081.

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 125 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 13 - 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-five 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. All employees may accumulate an unlimited amount of sick days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Canada Life Insurance Company. Coverage in the amount of \$20,000 is provided for all certified and noncertified employees.

**C. Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

*GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"* provides accounting guidelines for deferred compensation plans. The School District participates in the Ohio Public Employees Deferred Compensation Program. During 1998, the Ohio Public Employees Deferred Compensation Program created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, plan assets are no longer presented on the balance sheet.

**Note 14 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 1999, were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
Energy Conservation Notes 4.35-6.0%	\$290,000	\$462,500	\$50,000	\$702,500
Compensated Absences	660,252	100,106	106,911	653,447
Pension Obligation	98,706	98,154	98,706	98,154
Total General Long-Term Obligations	<u>\$1,048,958</u>	<u>\$660,760</u>	<u>\$255,617</u>	<u>\$1,454,101</u>

The energy conservation notes will be paid from the debt service fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$11,165,241, with an unvoted debt margin of \$124,058 at June 30, 1999. Principal and interest requirements to retire energy conservation notes outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$75,000	\$33,787	\$108,787
2001	75,000	30,113	105,113
2002	75,000	26,453	101,453
2003	75,000	22,787	97,787
2004	70,000	19,288	89,288
2005-2009	155,000	67,045	222,045
2010-2014	177,500	24,843	202,343
Total	<u>\$702,500</u>	<u>\$224,316</u>	<u>\$926,816</u>



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**Note 15 - Interfund Transactions**

Interfund balances at June 30, 1999, consist of the following individual interfund receivables and payables:

	Receivable	Payable
General Fund	\$92,538	\$0
Special Revenue Funds:		
Principals Fund	0	955
District Managed Activity Fund	0	2,136
School Conflict Management Fund	0	22,783
Vocational Education Fund	0	15,217
Total Special Revenue Funds	0	41,091
Enterprise Funds:		
Food Service Fund	0	51,447
Total All Funds	\$92,538	\$92,538

**Note 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, 1999.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$245,535	\$21,027	\$266,562
Depreciation	6,516	0	6,516
Operating Loss	(583,943)	(3,061)	(587,004)
Donated Commodities	42,737	0	42,737
Operating Grants	474,806	0	474,806
Transfers In	55,594	0	55,594
Net Loss	(10,806)	(3,061)	(13,867)
Net Working Capital	(74,423)	5,749	(68,674)
Fixed Asset Additions	12,978	0	12,978
Total Assets	193,540	5,749	199,289
Long-Term Compensated Absences Payable	13,382	0	13,382
Total Equity	38,590	5,749	44,339
Encumbrances, June 30, 1999	280	0	280

**Note 17 - Jointly Governed Organization and Insurance Purchasing Pool**

**A. Jointly Governed Organization**

The Southeast Ohio Voluntary Educational Consortium (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to its members. Each member pays a fee annually for services provided by SEOVEC.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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SEOVEC is governed by a governing board which is selected by the members. Each member has one vote in all matters, and each member's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. SEOVEC operates with its own Treasurer. The continued existence of SEOVEC is not dependent on the School District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. During fiscal year 1999, the Meigs Local School District paid \$17,378 to SEOVEC.

***B. Insurance Purchasing Pool***

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

**Note 18 - School Funding Court 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, 1999, the School District received \$8,722,225 of school foundation support for its general fund.

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

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.

**Note 19 - Year 2000**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the School District's operations as early as fiscal 1999.

The Meigs Local School District is completing an inventory of computer and other equipment necessary to conduct School District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting. The District has nine school buildings with power, heating and air conditioning systems which have extensive efficiency utilization measures within the systems.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and payroll and employee benefits. The State is responsible for remediating this system.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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The School District currently is assessing the changes needed in the power, heating and air conditioning systems. Systems may have to be remediated, and tested and validated.

In the continuing effort to assess all computer equipment, other areas may be found (clock systems, fire alarm systems, vocational equipment, etc.) and, if so, changes will be made in those systems. We anticipate that all costs will be handled through departmental or building appropriations.

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

**Note 20 - 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 year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$68,154	\$68,154
Current Year Set-aside Requirement	130,370	130,370	65,184	325,924
Current Year Offsets	(30,777)	0	0	(30,777)
Qualifying Disbursements	(222,220)	(896,726)	0	(1,118,946)
Total	<u>(122,627)</u>	<u>(766,356)</u>	<u>133,338</u>	<u>(\$755,645)</u>
Cash Balance Carried Forward to FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$133,338</u>	<u>\$133,338</u>

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

**Note 21 - 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, 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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***B. Litigation***

The School District is currently party to certain legal proceedings. Although the outcome of these proceedings is not presently determinable, in the opinion of management, the financial impact, if any, would not be material to the financial statements of the School District.

**Note 22 - Prior Period Adjustments**

Prior to fiscal year 1999, Meigs Local School District improperly classified its expendable trust fund as a non-expendable trust fund. As a result of this error correction, the Non-Expendable Trust Fund Type was eliminated from the financial statements and the Expendable Trust Fund Type was established with a balance of \$111,255.

In prior years, the School District recorded a receivable and deferred revenue in the Self-Insurance Internal Service Fund in error for employee benefits for July and August. This change had no effect on fund equity in the Self-Insurance Internal Service Fund.

**Note 23 - Subsequent Events**

On November 2, 1999, the voters approved the issuance of \$5,726,000 in school improvement unlimited tax general obligation bonds and the levying of a tax outside of the ten-mill limitation to pay the principal of and interest on the bonds. On November 23, 1999, the Board authorized issuance of \$5,726,000 in bond anticipation notes. These notes were issued in December, 1999.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education</i>						
Food Distribution Program (Commodities)	10.550	N/A	\$0	\$39,500	\$0	\$42,737
Nutrition Cluster:						
School Breakfast Program	10.553	05-PU-98	17,411	0	17,411	0
		05-PU-99	<u>90,050</u>	<u>0</u>	<u>90,050</u>	<u>0</u>
Total School Breakfast Program			107,461	0	107,461	0
National School Lunch Program	10.555	03-PU-98	7,677	0	7,677	0
		04-PU-98	41,440	0	41,440	0
		03-PU-99	36,678	0	36,678	0
		04-PU-99	<u>199,170</u>	<u>0</u>	<u>199,170</u>	<u>0</u>
Total National School Lunch Program			<u>284,965</u>	<u>0</u>	<u>284,965</u>	<u>0</u>
Total Nutrition Cluster			<u>392,426</u>	<u>0</u>	<u>392,426</u>	<u>0</u>
<i>Total U.S. Department of Agriculture</i>			392,426	39,500	392,426	42,737
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education</i>						
Grants to Local Educational Agencies (ESEA Title I)	84.010	C1-S1-98	30,639	0	196,518	0
		C1-S1-99	<u>616,102</u>	<u>0</u>	<u>554,096</u>	<u>0</u>
Total Grants to Local Educational Agencies			646,741	0	750,614	0
Special Education Grants to States (Title IV-B)	84.027	6B-SF-98	0	0	34,388	0
		6B-SF-99	<u>128,545</u>	<u>0</u>	<u>83,218</u>	<u>0</u>
Total Special Education Grants to States (Title IV-B)			128,545	0	117,606	0
Vocational Educational - Basic Grants to States	84.048	20-C1-98	14,538	0	21,579	0
		20-C1-99	<u>86,227</u>	<u>0</u>	<u>35,644</u>	<u>0</u>
Total Vocational Educational - Basic Grants to States			100,765	0	57,223	0
Drug-Free Schools and Community Grant	84.186	DR-S1-98	0	0	261	0
		DR-S1-99	<u>12,666</u>	<u>0</u>	<u>11,232</u>	<u>0</u>
Total Drug-Free Schools and Community Grant			12,666	0	11,493	0
GOALS 2000	84.276	G2-S1-98	0	0	6,634	0
		G2-S1-99	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total GOALS 2000			20,000	0	6,634	0
Eisenhower Professional Development Grant	84.281	MS-S1-97	0	0	16,932	0
		MS-S1-98	0	0	11,904	0
		MS-S1-99	<u>19,508</u>	<u>0</u>	<u>3,403</u>	<u>0</u>
Total Eisenhower Professional Development Grant			19,508	0	32,239	0
Innovative Education Program Strategies (Title VI)	84.298	C2-S1-98	0	0	9,565	0
		C2-S1-99	<u>13,933</u>	<u>0</u>	<u>1,978</u>	<u>0</u>
Total Innovative Education Program Strategies (Title VI)			13,933	0	11,543	0
Total Passed through the Ohio Department of Education			942,158	0	987,352	0
<i>Direct from Federal Government:</i>						
Telecommunications Act Grant (E-Rate)	84.XXX	N/A	6,973	0	6,973	0
<i>Total U.S. Department of Education</i>			<u>949,131</u>	<u>0</u>	<u>994,325</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<u>\$1,341,557</u>	<u>\$39,500</u>	<u>\$1,386,751</u>	<u>\$42,737</u>

*The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards receipts and expenditures is a summary of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule 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, 1999, the School District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Meigs Local School District  
Meigs County  
320 East Main Street  
Pomeroy, Ohio 45769

To the Board of Education:

We have audited the general purpose financial statements of Meigs Local School District, Meigs County, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 11, 2000, in which we indicated that the School District had changed its method of accounting for deferred compensation. 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 general purpose 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 general purpose 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 11, 2000.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large loop at the end of the name.

**JIM PETRO**  
Auditor of State

January 11, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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**

Meigs Local School District  
Meigs County  
320 East Main Street  
Pomeroy, Ohio 45769

To the Board of Education:

**Compliance**

We have audited the compliance of Meigs Local School District, Meigs 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, 1999. 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 the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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, 1999.

**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.

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. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report that we have reported to management of School District in a separate letter dated January 11, 2000.

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



**JIM PETRO**  
Auditor of State

January 11, 2000

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster, CFDA # 10.553 and 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MEIGS LOCAL SCHOOL DISTRICT**

**MEIGS 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 22, 2000**