



**NELSONVILLE-YORK CITY SCHOOL DISTRICT
ATHENS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

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	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund	7
Combined Statement of Revenue, Expenses and Changes in Retained Earnings - Proprietary Fund Type and Nonexpendable Trust Fund	10
Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund ..	11
Notes to the General Purpose Financial Statements	13
Schedule of Federal Awards Receipts and Expenditures	38
Notes to Schedule of Federal Awards Receipts and Expenditures	40
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings - <i>OMB Circular A-133 §.505</i>	45
Schedule of Prior Audit Findings - <i>OMB Circular A-133 §.315(b)</i>	47

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Nelsonville-York City School District
Athens County
Two Buckeye Drive
Nelsonville, Ohio 45764

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Nelsonville-York City School District, Athens County, Ohio, (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 the Nelsonville-York City School District, Athens County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 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 performed for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

February 7, 2000

This Page Intentionally Left Blank

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$2,063,085	\$300,795	\$256,917	\$371,935
Investments				
Receivables:				
Taxes	1,594,828	34,846	278,766	
Intergovernmental	2,875	849		
Accrued Interest	375			
Inventory Held for Resale				
Materials and Supplies Inventory	7,376	407		
Restricted Assets:				
Cash and Cash Equivalents	116,604			
Fixed Assets (Net of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$3,785,143</u>	<u>\$336,897</u>	<u>\$535,683</u>	<u>\$371,935</u>
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$5,846	\$2,949		\$1,677
Contracts Payable	51,339			
Accrued Wages and Benefits Payable	587,813	156,834		
Compensated Absences Payable	25,744	1,639		
Intergovernmental Payable	117,985	23,683		
Deferred Revenue	1,410,564	30,859	\$246,871	
Due to Students				
Asbestos Loan Removal Payable				
General Obligation Bonds Payable				
Total Liabilities	2,199,291	215,964	246,871	1,677
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	386,574	13,581		25,891
Reserved for Inventory	7,376	407		
Reserved for Property Taxes	184,264	3,987	31,895	
Reserved for Statutory Set-Asides	116,604			
Unreserved:				
Undesignated	891,034	102,958	256,917	344,367
Total Fund Equity and Other Credits	1,585,852	120,933	288,812	370,258
Total Liabilities, Fund Equity and Other Credits	<u>\$3,785,143</u>	<u>\$336,897</u>	<u>\$535,683</u>	<u>\$371,935</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$13,192	\$88,354 15,121			\$3,094,278 15,121
				1,908,440
				3,724
	52			427
744				744
38				7,821
				116,604
10,170		\$11,732,174		11,742,344
			\$233,811	233,811
			3,078,590	3,078,590
\$24,144	\$103,527	\$11,732,174	\$3,312,401	\$20,201,904
				\$10,472
				51,339
\$23,663				768,310
23,920			\$584,597	635,900
12,517			66,661	220,846
195				1,688,489
	\$65,275			65,275
			101,143	101,143
			2,560,000	2,560,000
60,295	65,275	0	3,312,401	6,101,774
		\$11,732,174		11,732,174
(36,151)	35,803			(348)
	3,636			429,682
				7,783
				220,146
				116,604
	(1,187)			1,594,089
(36,151)	38,252	11,732,174	0	14,100,130
\$24,144	\$103,527	\$11,732,174	\$3,312,401	\$20,201,904

**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 Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$1,530,089	\$33,145	\$267,630			\$1,830,864
Intergovernmental	5,057,924	1,222,373	27,707	\$796,889		7,104,893
Interest	122,960					122,960
Tuition and Fees	10,305					10,305
Extracurricular Activities		39,094				39,094
Gifts and Donations					\$1,200	1,200
Miscellaneous	24,995	50,900				75,895
Total Revenues	6,746,273	1,345,512	295,337	796,889	1,200	9,185,211
Expenditures:						
Instruction:						
Regular	2,588,431	565,922			838	3,155,191
Special	628,139	368,479				996,618
Vocational	52,137					52,137
Support Services:						
Pupils	221,622	22,317			88	244,027
Instructional Staff	187,585	219,625			1,230	408,440
Board of Education	19,175					19,175
Administration	681,876	84,880				766,756
Fiscal	200,191	8,924	7,404			216,519
Operation and Maintenance of Plant	977,596	7,318				984,914
Pupil Transportation	624,793					624,793
Central	520					520
Operation of Noninstructional Services	7,682					7,682
Extracurricular Activities	115,782	38,792			1,035	155,609
Capital Outlay	50,710			440,702		491,412
Debt Service:						
Principal Retirement			93,637			93,637
Interest and Fiscal Charges			143,158			143,158
Total Expenditures	6,356,239	1,316,257	244,199	440,702	3,191	8,360,588
Excess of Revenues Over (Under) Expenditures	390,034	29,255	51,138	356,187	(1,991)	824,623
Other Financing Sources (Uses):						
Operating Transfers In	9,194	17,884	18,637			45,715
Operating Transfers Out	(68,358)	(759)			(148)	(69,265)
Total Other Financing Sources (Uses)	(59,164)	17,125	18,637	0	(148)	(23,550)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	330,870	46,380	69,775	356,187	(2,139)	801,073
Fund Balance at Beginning of Year, As Restated	1,259,236	75,859	219,037	14,071	4,588	1,572,791
Increase (Decrease) in Reserve for Inventory	(4,254)	(1,306)				(5,560)
Fund Balances at End of Year	\$1,585,852	\$120,933	\$288,812	\$370,258	\$2,449	\$2,368,304

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

**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			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$1,423,960	\$1,533,376	\$109,416		\$33,177	\$33,177
Intergovernmental	5,720,684	5,057,624	(663,060)	\$1,306,976	1,221,724	(85,252)
Interest	122,257	122,960	703			0
Tuition and Fees	10,201	10,305	104			0
Extracurricular Activities			0	38,970	39,006	36
Gifts and Donations			0			0
Miscellaneous	5,614	5,226	(388)	47,173	50,420	3,247
Total Revenues	7,282,716	6,729,491	(553,225)	1,393,119	1,344,327	(48,792)
Expenditures:						
Instruction:						
Regular	2,798,252	2,682,575	115,677	673,194	535,181	138,013
Special	648,277	576,366	71,911	427,181	373,888	53,293
Vocational	57,001	52,274	4,727			0
Support Services						
Pupils	237,060	221,977	15,083	30,288	23,458	6,830
Instructional Staff	222,526	187,202	35,324	271,960	214,387	57,573
Board of Education	26,992	19,796	7,196			0
Administration	729,118	694,852	34,266	110,362	90,188	20,174
Fiscal	218,873	196,314	22,559	17,710	9,260	8,450
Operation and Maintenance of Plant	1,611,473	1,131,624	479,849	41,115	9,216	31,899
Pupil Transportation	904,798	767,288	137,510			0
Central	1,200	1,060	140			0
Operation of Noninstructional Services	10,306	7,683	2,623	2,451		2,451
Extracurricular Activities	116,526	115,526	1,000	43,074	42,987	87
Capital Outlay	50,710	50,710	0	15		15
Debt Service:						
Principal Retirement			0			0
Interest and Fiscal Charges			0			0
Total Expenditures	7,633,112	6,705,247	927,865	1,617,350	1,298,565	318,785
Excess of Revenues Over (Under) Expenditures	(350,396)	24,244	374,640	(224,231)	45,762	269,993
Other Financing Sources (Uses):						
Operating Transfers In	9,194	9,194	0	18,813	19,813	1,000
Refund of Prior Year Expenditures	17,301	21,607	4,306	88	88	0
Operating Transfers Out	(118,269)	(68,358)	49,911	(1,946)	(2,688)	(742)
Refund of Prior Year Receipts			0	(4,490)	(4,490)	0
Advances Out	(430)		430			0
Total Other Financing Sources (Uses)	(92,204)	(37,557)	54,647	12,465	12,723	258
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(442,600)	(13,313)	429,287	(211,766)	58,485	270,251
Fund Balances at Beginning of Year	1,492,832	1,465,538	(27,294)	206,806	206,806	0
Prior Year Encumbrances Appropriated	333,500	333,500	0	18,673	18,673	0
Fund Balances at End of Year	\$1,383,732	\$1,785,725	\$401,993	\$13,713	\$283,964	\$270,251

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

**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)**

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$278,811	\$265,419	(\$13,392)			\$0
Intergovernmental		27,707	27,707	\$519,346	\$796,889	277,543
Interest			0			0
Tuition and Fees			0			0
Extracurricular Activities			0			0
Gifts and Donations			0			0
Miscellaneous			0			0
Total Revenues	278,811	293,126	14,315	519,346	796,889	277,543
Expenditures:						
Instruction:						
Regular			0			0
Special			0			0
Vocational			0			0
Support Services						
Pupils			0			0
Instructional Staff			0			0
Board of Education			0			0
Administration			0			0
Fiscal	11,000	7,404	3,596			0
Operation and Maintenance of Plant			0			0
Pupil Transportation			0			0
Central			0			0
Operation of Noninstructional Services			0			0
Extracurricular Activities			0			0
Capital Outlay			0	686,034	632,850	53,184
Debt Service:						
Principal Retirement	136,872	93,637	43,235			0
Interest and Fiscal Charges	298,243	143,158	155,085			0
Total Expenditures	446,115	244,199	201,916	686,034	632,850	53,184
Excess of Revenues Over (Under) Expenditures	(167,304)	48,927	216,231	(166,688)	164,039	330,727
Other Financing Sources (Uses):						
Operating Transfers In	0	18,637	18,637			0
Refund of Prior Year Expenditures			0			0
Operating Transfers Out			0			0
Refund of Prior Year Receipts			0			0
Advances Out			0			0
Total Other Financing Sources (Uses)	0	18,637	18,637	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(167,304)	67,564	234,868	(166,688)	164,039	330,727
Fund Balances at Beginning of Year	162,059	189,353	27,294	111,229	111,229	0
Prior Year Encumbrances Appropriated			0	55,459	55,459	0
Fund Balances at End of Year	(\$5,245)	\$256,917	\$262,162	\$0	\$330,727	\$330,727

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

**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)**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes			\$0	\$1,702,771	\$1,831,972	\$129,201
Intergovernmental			0	7,547,006	7,103,944	(443,062)
Interest			0	122,257	122,960	703
Tuition and Fees			0	10,201	10,305	104
Extracurricular Activities			0	38,970	39,006	36
Gifts and Donations	\$1,200	\$1,200	0	1,200	1,200	0
Miscellaneous			0	52,787	55,646	2,859
Total Revenues	1,200	1,200	0	9,475,192	9,165,033	(310,159)
Expenditures:						
Instruction:						
Regular	2,777	838	1,939	3,474,223	3,218,594	255,629
Special			0	1,075,458	950,254	125,204
Vocational			0	57,001	52,274	4,727
Support Services						
Pupils	570	88	482	267,918	245,523	22,395
Instructional Staff	1,546	1,230	316	496,032	402,819	93,213
Board of Education			0	26,992	19,796	7,196
Administration			0	839,480	785,040	54,440
Fiscal			0	247,583	212,978	34,605
Operation and Maintenance of Plant			0	1,652,588	1,140,840	511,748
Pupil Transportation			0	904,798	767,288	137,510
Central			0	1,200	1,060	140
Operation of Noninstructional Services			0	12,757	7,683	5,074
Extracurricular Activities	1,035	1,035	0	160,635	159,548	1,087
Capital Outlay			0	736,759	683,560	53,199
Debt Service:						
Principal Retirement			0	136,872	93,637	43,235
Interest and Fiscal Charges			0	298,243	143,158	155,085
Total Expenditures	5,928	3,191	2,737	10,388,539	8,884,052	1,504,487
Excess of Revenues Over (Under) Expenditures	(4,728)	(1,991)	2,737	(913,347)	280,981	1,194,328
Other Financing Sources (Uses):						
Operating Transfers In			0	39,761	47,644	7,883
Refund of Prior Year Expenditures			0	17,389	21,695	4,306
Operating Transfers Out	(148)	(148)	0	(120,363)	(71,194)	49,169
Refund of Prior Year Receipts			0	(4,490)	(4,490)	0
Advances Out			0	(430)	0	430
Total Other Financing Sources (Uses)	(148)	(148)	0	(68,133)	(6,345)	61,788
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(4,876)	(2,139)	2,737	(981,480)	274,636	1,256,116
Fund Balances at Beginning of Year	2,892	2,892	0	1,975,818	1,975,818	0
Prior Year Encumbrances Appropriated	1,696	1,696	0	409,328	409,328	0
Fund Balances at End of Year	(\$288)	\$2,449	\$2,737	\$1,403,666	\$2,659,782	\$1,256,116

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

**COMBINED STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$134,856		\$134,856
Interest		\$671	671
Contributions and Donations		20,500	20,500
Other Operating Revenues	653		653
	<u>135,509</u>	<u>21,171</u>	<u>\$156,680</u>
Total Operating Revenues			
	<u>135,509</u>	<u>21,171</u>	<u>\$156,680</u>
Operating Expenses:			
Salaries	136,548		136,548
Fringe Benefits	63,561		63,561
Purchased Services	3,388		3,388
Materials and Supplies	26,870		26,870
Cost of Sales	176,282		176,282
Depreciation	4,485		4,485
	<u>411,134</u>	<u>0</u>	<u>411,134</u>
Total Operating Expenses			
	<u>411,134</u>	<u>0</u>	<u>411,134</u>
Operating Income (Loss)	<u>(275,625)</u>	<u>21,171</u>	<u>(254,454)</u>
Nonoperating Revenues:			
Federal Donated Commodities	3,692		3,692
Federal and State Subsidies	247,999		247,999
	<u>251,691</u>	<u>0</u>	<u>251,691</u>
Total Nonoperating Revenues			
	<u>251,691</u>	<u>0</u>	<u>251,691</u>
Income (Loss) Before Operating Transfers	(23,934)	21,171	(2,763)
Operating Transfers In	23,550		23,550
	<u>23,550</u>		<u>23,550</u>
Net Income (Loss)	(384)	21,171	20,787
Retained Earnings at Beginning of Year, As Restated	<u>(35,767)</u>	<u>14,632</u>	<u>(21,135)</u>
Retained Earnings at End of Year	<u>(\$36,151)</u>	<u>\$35,803</u>	<u>(\$348)</u>

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

**COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$134,856		\$134,856
Cash Received from Contributions and Donations		\$20,500	20,500
Cash Received from Other Operating Revenues	653		653
Cash Payments to Suppliers for Goods and Services	(197,883)		(197,883)
Cash Payments to Employees for Services	(132,625)		(132,625)
Cash Payments for Employee Benefits	(62,996)		(62,996)
Cash Payments for Other Operating Expenses	(3,388)		(3,388)
Net Cash from Operating Activities	<u>(261,383)</u>	<u>20,500</u>	<u>(240,883)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In	23,550		23,550
Operating Grants Received	247,999		247,999
Net Cash from Noncapital Financing Activities	<u>271,549</u>	<u>0</u>	<u>271,549</u>
Cash Flows from Investing Activities:			
Interest on Investments		106	106
Net Cash from Investing Activities	<u>0</u>	<u>106</u>	<u>106</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,166	20,606	30,772
Cash and Cash Equivalents at Beginning of Year	3,026	23	3,049
Cash and Cash Equivalents at End of Year	<u>\$13,192</u>	<u>\$20,629</u>	<u>\$33,821</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Income (Loss)	<u>(\$275,625)</u>	<u>\$21,171</u>	<u>(\$254,454)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation	4,485		4,485
Donated Commodities Used During Year	3,692		3,692
Interest Received		(619)	(619)
Changes in Assets and Liabilities:			
(Increase) Decrease in Accrued Interest Receivable		(52)	(52)
(Increase) Decrease in Inventory Held for Resale	146		146
(Increase) Decrease in Materials and Supplies Inventory	1,578		1,578
Increase (Decrease) in Accrued Wages and Benefits Payable	2,081		2,081
Increase (Decrease) in Compensated Absences	1,843		1,843
Increase (Decrease) in Intergovernmental Payable	564		564
Increase (Decrease) in Deferred Revenue	(147)		(147)
Total Adjustments	<u>14,242</u>	<u>(671)</u>	<u>13,571</u>
Net Cash from Operating Activities	<u>(\$261,383)</u>	<u>\$20,500</u>	<u>(\$240,883)</u>

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

This Page Intentionally Left Blank

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Nelsonville-York City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District provides educational services as authorized by state and/or federal guidelines. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The Board controls the School District's instructional support facilities staffed by 67 noncertificated personnel, 94 teaching personnel and 8 administrative employees providing education to approximately 1,431 students.

The significant accounting policies followed in preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

Reporting Entity

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 the School District, this includes general operations, food service, and student related activities of the School District.

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

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District:

- < Nelsonville Christian Academy
- < Parent Teacher Organization
- < Athens-Meigs Educational Service Center

The School District is associated with five organizations, four of which are defined as jointly governed organizations and one as a group purchasing pool. These organizations are the Southeastern Ohio Voluntary Educational Consortium, the Tri-County Joint Vocational School District, the Coalition of Rural and Appalachian Schools, the Athens County School Employees Health and Welfare Benefit Association and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. Governmental Fund Types:

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 the proprietary funds and trust 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 established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

1. Governmental Fund Types: (Continued)

Capital Projects Funds

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

2. Proprietary Fund Type:

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

Enterprise Funds

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 costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fiduciary Fund Types:

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 only fiduciary funds of the School District are expendable trust and agency funds. The following are the School District's fiduciary fund types:

Expendable Trust Funds

These funds account for resources, including both principal and earnings which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds

These funds account trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds

These funds are purely custodial in nature and thus do not involve measurement of results and operations.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

4. Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund 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 fiscal year end.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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 1999 operations, have been recorded as a deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and nonexpendable trust funds. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred. There were no unbilled service charges at the end of the year. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations 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.

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 Athens County Budget Commission for rate determination.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation resolution, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, 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, two supplemental appropriations were legally enacted. 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. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to certificates of deposit with local institutions and STAROhio. Investment earnings are allocated as authorized by State statute.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

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

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 costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserved 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, lunchroom supplies and school supplies held for resale 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. The School District had no significant prepaid items at June 30, 1999.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a reserve for textbooks and instructional materials, capital improvements and maintenance, and budget stabilization. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in the respective funds. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Assets in the General Fixed Assets Account Group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings, 20 years for improvements other than buildings, 6 to 15 years for furniture, equipment and fixtures, and 5 to 10 years for vehicles. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of 15 years.

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Disadvantaged Pupil Impact Aid
- Education Management Information Systems
- Public School Preschool
- School Net Professional Development
- Textbook Subsidy
- Dwight D. Eisenhower Professional Development
- Title I
- Title VI
- Title VI-B
- Title VI-R

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

Drug Free Schools Program
Professional Development
Goals 2000 Intervention

Capital Projects Funds

School Net Plus
Technology Equity
Emergency Building Repair Fund

Reimbursable Grants

General Fund

Driver Education

Special Revenue Fund

School-to-Work

Enterprise Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to 77 percent of the School District's operating revenue during the 1999 fiscal year.

J. Interfund Assets and 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 combined balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. The School District had no receivables or payables at June 30, 1999, resulting from transactions between funds.

K. 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. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on sick leave accumulated at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the School District's termination policy.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences (Continued)

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available 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.

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have used 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.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes, and statutory set-asides. The reserve for property taxes represents taxes is recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for statutory set-asides represents the amounts that have been set aside to meet the requirements of House Bill No. 412.

O. Estimates

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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.

3. PRIOR PERIOD ADJUSTMENTS

During fiscal year 1999, the School District corrected its reporting of homestead and rollback revenue for 1998 from the State of Ohio. During 1998, all homestead and rollback monies due to the Debt Service Fund were reported as revenue within the General Fund. The correction of this error has the following effect on fund balances as previously reported for the year ended June 30, 1998:

	<u>General</u>	<u>Debt Service</u>
Fund Balance as Previously Reported at June 30, 1998	\$1,286,530	\$191,743
Overstatement/Understatement of Revenue	<u>(27,294)</u>	<u>27,294</u>
Fund Balance as Restated at July 1, 1998	<u>\$1,259,236</u>	<u>\$219,037</u>

During fiscal year 1999, the School District corrected its accrual of compensated absences and pension obligations in the Enterprise Funds and the General Long-Term Obligations Account Group. These corrections had the following effects retained earnings/account balances as previously reported for the year ended June 30, 1998:

	<u>Enterprise</u>
Retained Earnings as Previously Reported at June 30, 1998	(\$23,956)
Net Understatement of Compensated Absences/Pension Obligations	<u>(11,811)</u>
Retained Earnings as Restated at July 1, 1998	<u>(\$35,767)</u>

	<u>General Long-Term Obligations Account Group</u>
Account Balance as Previously Reported at June 30, 1998	\$3,157,151
Net Understatement of Compensated Absences/Pension Obligations	<u>179,629</u>
Account Balance as Restated at July 1, 1998	<u>\$3,336,780</u>

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 is presented on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types or as note disclosure in the proprietary fund type (GAAP basis).

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

Excess of Revenues and Other Financing Sources
Over/(Under) Expenditures and Other Financing Uses
All Governmental Funds Types and Expendable Trust Fund

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$330,870	\$46,380	\$69,775	\$356,187	(\$2,139)
Adjustments:					
Revenue Accruals	(16,782)	(1,185)	(2,211)	0	0
Expenditure Accruals	(349,008)	17,692	0	(192,148)	0
Other Financing Sources (Uses)	21,607	(4,402)	0	0	0
Budget Basis	<u>(\$13,313)</u>	<u>\$58,485</u>	<u>\$67,564</u>	<u>\$164,039</u>	<u>(\$2,139)</u>

5. ACCOUNTABILITY

Fund Deficits

Fund balances at June 30, 1999, included the following individual fund deficits:

Special Revenue Funds:	
DPIA	\$10,170
Title I	5,226
Enterprise Funds:	
Food Service	38,793

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. The General Fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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.

Inactive deposits are public deposits that the Board 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 or deposit accounts including pass book 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 moneys deposited with the institution.

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

- a. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United State Treasury or any other obligation guaranteed as to principal and interest by the United States;
- b. 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;
- c. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds 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;
- d. Bonds and other obligations of the State of Ohio;
- e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- f. The State Treasurer's investment pool (STAR Ohio); and
- g. 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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 fiscal year end, the carrying amount of the School District's deposits was \$247,255 and the bank balance was \$360,236. Of the bank balance, \$115,251 was covered by federal deposit insurance and \$244,985 was collateralized with securities held by the School District's pledging financial institutions' trust department or agent in the School District's name.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book-entry form.

	<u>Carrying Value</u>	<u>Fair Value</u>
STAR Ohio	<u>\$2,978,748</u>	<u>\$2,978,748</u>

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$3,210,882	\$15,121
Investments:		
Certificates of Deposit	15,121	(15,121)
STAR Ohio	<u>(2,978,748)</u>	<u>2,978,748</u>
Total	<u>\$247,255</u>	<u>\$2,978,748</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are 25 percent of true value.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Athens and Hocking Counties. The County Auditor from each county 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 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 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 fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$184,264 for the General Fund, \$3,987 for the Classroom Facilities Maintenance (Special Revenue) Fund and \$31,895 for the Debt Service Fund.

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

	1998 Second-Half Collections		1999 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$53,240,910	69.48%	\$48,338,850	66.47%
Public Utility	12,579,380	16.42%	11,203,280	15.40%
Tangible Personal Property	10,805,961	14.10%	13,185,901	18.13%
Total Assessed Value	<u>\$76,626,251</u>	<u>100.00%</u>	<u>\$72,728,031</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$32.20		\$32.20	

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

8. RECEIVABLES

Receivables at June 30, 1999, consisted of taxes 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. The principal items of intergovernmental receivables follow:

<u>Intergovernmental Receivables:</u>	<u>Amount</u>
General Fund:	
Medicare Reimbursement	\$1,925
Drivers Education Reimbursement	950
Total General Fund	<u>\$2,875</u>
Special Revenue Funds:	
Pioneer Grant	\$200
JAVITS Grant	649
Total Special Revenue Funds	<u>\$849</u>

9. FIXED ASSETS

A summary of the Enterprise Funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$200,585
Less: Accumulated Depreciation	<u>(190,415)</u>
Net Fixed Assets	<u>\$10,170</u>

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

	<u>Balance at July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 1999</u>
Land	\$42,227	\$0	\$0	\$42,227
Buildings	11,806,126	163,629	0	11,969,755
Furniture, Fixtures and Equipment	1,441,857	109,094	0	1,550,951
Vehicles	538,060	107,558	0	645,618
Total	<u>\$13,828,270</u>	<u>\$380,281</u>	<u>\$0</u>	\$14,208,551
Less: Accumulated Depreciation				<u>(2,476,377)</u>
Net Fixed Assets				<u>\$11,732,174</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

10. RISK MANAGEMENT

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. During fiscal year 1999, the School District contracted with various commercial carriers for property and fleet insurance, liability insurance, inland marine coverage and public officials bonds. Coverages provided are as follows:

Buildings and Contents - replacement cost (90% co-insurance)	\$18,530,843
Automobile Liability (\$100 deductible):	
Per Person	1,000,000
Per Accident	1,000,000
Uninsured Motorists (\$100 deductible):	
Per Person	50,000
Per Accident	50,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Public Official Bonds:	
Treasurer	20,000
Superintendent	2,500

Settled claims have not exceeded this commercial coverage in any of the last three years. There has been no significant change in coverage from last year.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 19). The intent of the Plan 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 Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

11. DEFINED BENEFIT PENSION PLANS (Continued)

A. State Teachers Retirement System (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Prior to July 1, 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 \$546,280, \$496,320, and \$482,360, respectively; 82.63 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for fiscal years 1998 and 1997. \$94,888, 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 of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 current rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.7 percent was the portion 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 \$163,168, \$145,974, and \$138,460, respectively; 50.12 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for fiscal years 1998 and 1997. \$81,396, 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, no members of the Board of Education have elected Social Security.

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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

12. POSTEMPLOYMENT BENEFITS (Continued)

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 shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, the allocation was increased to 8 percent. For the School District, this amount equaled \$312,160 during fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. 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 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.

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. 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 at 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. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$94,744 during the 1999 fiscal year.

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Treasurer and Superintendent. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 64 days for classified employees and 60 days for certified employees and administrators.

The amount of accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

13. EMPLOYEE BENEFITS (Continued)

A. Compensated Absences (Continued)

For governmental funds, the current portion of unpaid compensated absences in the General Fund, Special Revenue Funds and the balance of the liability reported in the General Long-Term Obligations Account Group was \$25,744, \$1,639, and \$584,597, respectively. The liability for compensated absences in the Enterprise Funds was \$23,920 at June 30, 1999.

B. Health Care Benefits

The School District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employees Health and Welfare Benefit Association. The employees share the costs of the monthly premium with the Board. The premium varies with employee depending upon the terms of the union contract. See Note 18 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

14. LONG-TERM OBLIGATIONS

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

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding 7/1/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 6/30/99</u>
Compensated Absences	N/A	N/A	\$524,231	\$60,366	\$0	\$584,597
Intergovernmental Payable	N/A	N/A	57,769	8,892	0	66,661
Asbestos Removal Loan	2005	0.00%	119,780	0	18,637	101,143
General Obligation Bonds	2018	3.75 - 5.90%	<u>2,635,000</u>	<u>0</u>	<u>75,000</u>	<u>2,560,000</u>
Total General Long-Term Obligations			<u>\$3,336,780</u>	<u>\$69,258</u>	<u>\$93,637</u>	<u>\$3,312,401</u>

The general obligation bonds were issued in the amount of \$2,731,199 in March 1997 as a result of the School District being approved for a \$8,266,334 school facilities loan through the State Department of Education for the construction of an elementary school building and improvements to the middle school building. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loan. As a requirement of the loan, the School District was required to pass a 4.5 mill levy. The 4.5 mill levy, of which .5 mill was to be used for the retirement of the loan, will be in effect for twenty-three years.

In March 1998, the School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the \$8,266,334 classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences and the intergovernmental payable will be paid from the fund from which the employee is paid. The asbestos removal loan and general obligation bonds will be paid from the Debt Service Fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

14. LONG-TERM OBLIGATIONS (Continued)

The School District's voted legal debt margin was \$3,985,523 with an unvoted debt margin of \$72,728 at June 30, 1999.

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

<u>Fiscal Year Ending June 30</u>	<u>Asbestos Removal Loan</u>	<u>General Obligation Bonds</u>
2000	\$18,637	\$215,157
2001	18,637	216,998
2002	18,637	218,531
2003	18,637	214,876
2004	18,637	216,025
2005 - 2009	7,958	1,094,444
2010 - 2014	0	1,074,945
2015 - 2019	<u>0</u>	<u>1,043,798</u>
Total Principal and Interest	101,143	4,294,774
Less: Interest	<u>0</u>	<u>1,734,774</u>
Total Principal	<u>\$101,143</u>	<u>\$2,560,000</u>

15. STATUTORY SET-ASIDES

The following changes occurred in the School District's set-aside reserve accounts during fiscal year 1999:

	<u>Budget Stabilization Reserve</u>	<u>Capital Improvements Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 1998	\$40,730	\$0	\$0	\$40,730
Current Year Set-Aside Requirement	45,848	91,696	91,696	229,240
Current Year Offsets	0	(36,641)	(20,080)	(56,721)
Qualifying Disbursements	<u>0</u>	<u>(30,832)</u>	<u>(65,813)</u>	<u>(96,645)</u>
Total	<u>\$86,578</u>	<u>\$24,223</u>	<u>\$5,803</u>	<u>\$116,604</u>
Cash Balance Carried Forward to Fiscal Year 2000	<u>\$86,578</u>	<u>\$24,223</u>	<u>\$5,803</u>	
Total Restricted Assets				<u>\$116,604</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the year ended June 30, 1999:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$130,908	\$4,601	\$135,509
Operating Expenses Before Depreciation	401,267	5,382	406,649
Depreciation Expense	4,485	0	4,485
Operating Loss	(274,844)	(781)	(275,625)
Donated Commodities	3,692	0	3,692
Operating Transfers In	23,550	0	23,550
Operating Grants	247,999	0	247,999
Net Income (Loss)	397	(781)	(384)
Net Working Capital	(24,646)	2,245	(22,401)
Total Assets	21,899	2,245	24,144
Total Liabilities	60,295	0	60,295
Total Equity	(38,396)	2,245	(36,151)

17. CONTRACTUAL COMMITMENTS

As of June 30, 1999, the School District had the following contractual commitments for repairs to buildings in the School District:

	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Unexpended Balance at June 30, 1999</u>
Carl Johnson Roofing, Inc.	\$145,600	\$136,232	\$9,368
Certified Mechanical Company	240,000	0	240,000
Pioneer Pipe, Inc.	21,340	0	21,340
Glass Service Supply Company	38,060	0	38,060
RVC Architects, Inc.	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Total	<u>\$495,000</u>	<u>\$136,232</u>	<u>\$358,768</u>

18. JOINTLY GOVERNED ORGANIZATIONS

A. Tri-County Joint Vocational School District

The Tri-County Joint Vocational School District is a jointly governed organization providing vocational education services to its eight member districts, governed by a board of education comprised of eleven members by the participating schools. The Board controls the financial activity of the Joint Vocational School and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Joint Vocational School is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 1999, the School District made no contributions to the Joint Vocational School. Financial information can be obtained from the Tri-County Joint Vocational School District, 15676 State Route 691, Nelsonville, Ohio 45764.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

18. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Southeastern Ohio Voluntary Educational Consortium (SEOVEC)

The School District is a participant among a ten-county consortium of school districts to operate the Southeastern Ohio Voluntary Educational Consortium (SEOVEC). The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. SEOVEC is governed by a board of directors consisting of one representative from each of the participating districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District paid no fees to SEOVEC for services provided during the year. Financial information for SEOVEC can be obtained from their administrative offices at P.O. Box 1250, Athens, Ohio 45701.

C. The Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District made no significant payments for membership in fiscal year 1999.

D. Athens County School Employees Health and Welfare Benefit Association

The School District is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and CoreSource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

19. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan'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 Plan to cover the costs of administering the program.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

20. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,858,133 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had been awarded \$8,266,334 under this program and has received \$8,266,334.

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 these programs and on its financial operations.

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

As of June 30, 1999, the School District did not have any pending litigation or potential liabilities that would have a material effect on the financial statements.

22. YEAR 2000 ISSUE

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

As of February 7, 2000 the School District has completed 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, asset and equipment inventory, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

22. YEAR 2000 ISSUE (Continued)

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, and the State of Ohio School Asset Account System/Equipment Inventory Subsystem for keeping its fixed asset records. The State is responsible for remediating these systems.

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

Tax collection for the School District is handled by Athens and Hocking Counties. These Counties have tested and validated these systems for Year 2000 compliance.

To the best of management's knowledge and belief, as of February 7, 2000, the School District experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the School District does business may also experience Year 2000 readiness issues that are as yet, unknown.

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Pass-Through Ohio Department of Education</i>						
Food Distribution Program	10.550	N/A	\$0	\$3,692	\$0	\$3,988
Nutrition Cluster:						
School Breakfast Program	10.553	05-PU-98	8,319	0	8,319	0
		05-PU-99	46,931	0	46,931	0
Total School Breakfast Program			55,250	0	55,250	0
National School Lunch Program	10.555	03-PU-98	3,946	0	3,946	0
		04-PU-98	21,116	0	21,116	0
		03-PU-99	24,288	0	24,288	0
		04-PU-99	125,936	0	125,936	0
Total National School Lunch Program			175,286	0	175,286	0
Total Nutrition Cluster			230,536	0	230,536	0
Total U.S. Department of Agriculture			230,536	3,692	230,536	3,988
U.S. DEPARTMENT OF LABOR						
<i>Pass-Through Washington County Joint Vocational School District</i>						
Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program	17.249	WK-BE-98	0	0	729	0
Total U.S. Department of Labor			0	0	729	0
U.S. DEPARTMENT OF EDUCATION						
<i>Pass-Through Ohio Department of Education</i>						
Title 1 Grants to Local Educational Agencies	84.010	C1-SD-97C	(52)	0	2,256	0
		C1-SD-98C	437	0	8,917	0
		C1-SD-99C	23,557	0	17,234	0
		C1-S1-98	46,729	0	102,178	0
		C1-S1-99	384,058	0	349,216	0
Total Title 1 Grants to Local Educational Agencies			454,729	0	479,801	0
Special Education Cluster:						
Special Education-Grants to States (IDEA Part B)	84.027	6B-SF-98	0	0	10,805	0
		6B-SF-99	89,688	0	72,894	0
Total Special Education-Grants to States			89,688	0	83,699	0
Special Education-Preschool Grants	84.173	PG-S1-98	(65)	0	1,158	0
		PG-S1-99	4,056	0	4,277	0
Total Special Education-Preschool Grants			3,991	0	5,435	0
Total Special Education Cluster			93,679	0	89,134	0
Safe and Drug-Free Schools and Communities- State Grants	84.186	DR-S1-97C	(3,537)	0	0	0
		DR-S1-98	0	0	3,292	0
		DR-S1-99	5,611	0	4,513	0
Total Safe and Drug-Free Schools and Communities-State Grants			2,074	0	7,805	0
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	G2-S2-99	5,000	0	0	0

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
U.S. DEPARTMENT OF EDUCATION (Continued)						
<i>Pass-Through Ohio Department of Education (Continued)</i>						
Eisenhower Professional Development State Grants	84.281	MS-S1-97	(493)	0	0	0
		MS-S1-98	0	0	2,693	0
		MS-S1-99	10,610	0	2,760	0
Total Eisenhower Professional Development State Grants			<u>10,117</u>	<u>0</u>	<u>5,453</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2-S1-98	(343)	0	5,412	0
		C2-S1-99	5,459	0	0	0
Total Innovative Education Program Strategies			<u>5,116</u>	<u>0</u>	<u>5,412</u>	<u>0</u>
Total U.S. Department of Education			<u>570,715</u>	<u>0</u>	<u>587,605</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$801,251</u>	<u>\$3,692</u>	<u>\$818,870</u>	<u>\$3,988</u>

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

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

Note 1 - Basis of Accounting

The School District prepares its Schedule of Federal Awards Receipts and Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Note 2 - 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 or 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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Nelsonville-York City School District
Athens County
Two Buckeye Drive
Nelsonville, Ohio 45764

To the Board of Education:

We have audited the general purpose financial statements of the Nelsonville-York City School District, Athens County, Ohio, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 1999-10705-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated February 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 7, 2000.

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

Jim Petro
Auditor of State

February 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

**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**

Nelsonville-York City School District
Athens County
Two Buckeye Drive
Nelsonville, Ohio 45764

To the Board of Education:

Compliance

We have audited the compliance of the Nelsonville-York City School District, Athens County, Ohio, (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.

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

Jim Petro
Auditor of State

February 7, 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)?	Yes
(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):	Child Nutrition Cluster: School Breakfast Program, CFDA #10.553 National School Lunch Program, CFDA #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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

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

Finding Number 1999-10705-001

Ohio Rev. Code § 5705.412 requires the treasurer, superintendent and president of the board of education to certify that adequate revenues will be available to maintain all personnel, programs and services essential to the provision of an adequate educational program for a specified number of days. In general, the certificate covers the remainder of the current fiscal year and two succeeding fiscal years. There are two exceptions:

- < The certificate attached to an appropriation measure covers only the fiscal year in which the appropriation measure is effective.
- < The certificate attached to a contract covers either the remainder of the current fiscal year and the two succeeding fiscal years or the term of the contract, whichever is longer.

The certification must be attached to all permanent appropriation resolutions, negotiated agreements, contracts for benefits, increased salary or wage schedules, construction contracts and other contract type expenditures.

When both the mechanism and procedure for an expenditure of appropriated funds are merged in the same instrument, namely a purchase order, the purchase order becomes an offer to purchase such goods or services, where upon the vendor provides the same, thus forming a contract requiring "412" certification.

The School District did not attach "412" certifications with original signatures to the initial permanent annual appropriation measure, negotiated master agreements, contracts to purchase school buses, a contract for architectural services and construction contracts for emergency repairs and renovations. Noncompliance with this requirement can result in fund cash deficits, or in the contracts and schedule referred to above being void as a matter of law and any payments made relating to the contracts and salary schedule could be subject to repayment and recovery. The School District took the appropriate remedial action on February 8, 2000, to be in compliance with this Section.

We recommend that the School District's management become familiar with the requirements of Ohio Rev. Code § 5705.412 and attach the required certifications to all appropriation measures, negotiated agreements, contracts for benefits, increased salary or wage schedules, construction contracts and purchase orders not otherwise certified.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
1998-10705-001	A noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources both at year-end and during the year for various funds.	No	Not Corrected - Included in the management letter of this audit as immaterial noncompliance.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

NELSONVILLE-YORK CITY SCHOOL DISTRICT

ATHENS 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
MARCH 7, 2000**