



**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Frontier Local School District  
Washington County  
Route 3 - Box 134  
New Matamoras, Ohio 45767-9756

To the Board of Education:

We have audited the accompanying general purpose financial statements of Frontier Local School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the 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 Frontier Local School District, Washington County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

January 11, 2001

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**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,755,818	\$78,447	\$90,652	\$3,043,532
Cash and Cash Equivalents in Segregated Accounts	0	31	0	0
Receivables:				
Taxes	962,837	23,034	267,029	0
Accounts	4,029	0	0	0
Intergovernmental	780	51,200	0	0
Interfund	47,833	0	0	0
Materials and Supplies Inventory	4,110	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	1,321	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	164,956	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,941,684</b>	<b>\$152,712</b>	<b>\$357,681</b>	<b>\$3,043,532</b>



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$30,658	\$12,742	\$0	\$0	\$5,011,849
0	0	0	0	31
0	0	0	0	1,252,900
1,594	0	0	0	5,623
0	0	0	0	51,980
0	0	0	0	47,833
162	0	0	0	4,272
6,166	0	0	0	6,166
28	0	0	0	1,349
0	0	0	0	164,956
28,754	0	5,538,455	0	5,567,209
0	0	0	107,318	107,318
0	0	0	2,949,927	2,949,927
<b>\$67,362</b>	<b>\$12,742</b>	<b>\$5,538,455</b>	<b>\$3,057,245</b>	<b>\$15,171,413</b>

(continued)

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$17,565	\$1,848	\$0	\$28,650
Contracts Payable	0	0	0	46,660
Accrued Wages and Benefits Payable	474,543	52,764	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	25,130	0	22,703
Intergovernmental Payable	114,119	10,306	0	0
Capital Leases Payable	0	0	0	0
Deferred Revenue	901,727	21,447	250,363	0
Due to Students	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>1,507,954</b>	<b>111,495</b>	<b>250,363</b>	<b>98,013</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	76,023	4,417	0	280,901
Reserved for Inventory	4,110	0	0	0
Reserved for Property Taxes	61,110	1,587	16,666	0
Reserved for Budget Stabilization	60,286	0	0	0
Reserved for School Bus Purchases	104,670	0	0	0
Unreserved:				
Designated for Textbooks and Capital Improvements	320,442	0	0	0
Undesignated	807,089	35,213	90,652	2,664,618
<b>Total Fund Equity and Other Credits</b>	<b>1,433,730</b>	<b>41,217</b>	<b>107,318</b>	<b>2,945,519</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,941,684</b>	<b>\$152,712</b>	<b>\$357,681</b>	<b>\$3,043,532</b>

*See accompanying notes to the general purpose financial statements.*

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$48,063
0	0	0	0	46,660
26,713	0	0	0	554,020
20,703	0	0	414,077	434,780
0	0	0	0	47,833
12,708	0	0	60,235	197,368
0	0	0	26,933	26,933
3,903	0	0	0	1,177,440
0	12,742	0	0	12,742
0	0	0	507,000	507,000
0	0	0	2,049,000	2,049,000
<u>64,027</u>	<u>12,742</u>	<u>0</u>	<u>3,057,245</u>	<u>5,101,839</u>
0	0	5,538,455	0	5,538,455
157,781	0	0	0	157,781
(154,446)	0	0	0	(154,446)
0	0	0	0	361,341
0	0	0	0	4,110
0	0	0	0	79,363
0	0	0	0	60,286
0	0	0	0	104,670
0	0	0	0	320,442
0	0	0	0	3,597,572
<u>3,335</u>	<u>0</u>	<u>5,538,455</u>	<u>0</u>	<u>10,069,574</u>
<u><b>\$67,362</b></u>	<u><b>\$12,742</b></u>	<u><b>\$5,538,455</b></u>	<u><b>\$3,057,245</b></u>	<u><b>\$15,171,413</b></u>

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**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Property Taxes	\$1,144,697	\$13,732	\$96,829	\$0	\$1,255,258
Intergovernmental	4,228,407	634,117	8,155	1,144,996	6,015,675
Interest	68,980	0	4,275	18,205	91,460
Tuition and Fees	5,479	0	0	0	5,479
Extracurricular Activities	3	66,206	0	0	66,209
Miscellaneous	29,038	14,168	0	14,149	57,355
<b>Total Revenues</b>	<b>5,476,604</b>	<b>728,223</b>	<b>109,259</b>	<b>1,177,350</b>	<b>7,491,436</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	2,449,825	81,031	0	130,254	2,661,110
Special	349,593	303,939	0	0	653,532
Vocational	199,622	0	0	0	199,622
Adult/Continuing	0	3,581	0	0	3,581
Support Services:					
Pupils	51,799	62,495	0	0	114,294
Instructional Staff	156,659	106,713	0	0	263,372
Board of Education	21,095	0	0	0	21,095
Administration	542,479	40,101	0	0	582,580
Fiscal	438,037	554	1,941	0	440,532
Business	513	0	0	0	513
Operation and Maintenance of Plant	560,752	0	0	83,087	643,839
Pupil Transportation	506,316	5,697	0	0	512,013
Central	0	8,095	0	0	8,095
Extracurricular Activities	40,054	72,357	0	0	112,411
Capital Outlay	5,520	0	0	525,500	531,020
Debt Service:					
Principal Retirement	11,941	0	23,000	0	34,941
Interest and Fiscal Charges	3,223	0	12,990	0	16,213
<b>Total Expenditures</b>	<b>5,337,428</b>	<b>684,563</b>	<b>37,931</b>	<b>738,841</b>	<b>6,798,763</b>
Excess of Revenues Over Expenditures	139,176	43,660	71,328	438,509	692,673
<b>Other Financing Sources (Uses):</b>					
Operating Transfers In	34,727	281	35,990	0	70,998
Proceeds from Sale of Bonds	0	0	0	2,049,000	2,049,000
Proceeds from Sale of Notes	0	0	0	302,000	302,000
Operating Transfers Out	(36,707)	(34,727)	0	0	(71,434)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,980)</b>	<b>(34,446)</b>	<b>35,990</b>	<b>2,351,000</b>	<b>2,350,564</b>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	137,196	9,214	107,318	2,789,509	3,043,237
Fund Balance at Beginning of Year	1,296,534	32,003	0	156,010	1,484,547
<b>Fund Balance at End of Year</b>	<b>\$1,433,730</b>	<b>\$41,217</b>	<b>\$107,318</b>	<b>\$2,945,519</b>	<b>\$4,527,784</b>

See accompanying notes to the general purpose financial statements.

FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$1,030,325	\$1,073,259	\$42,934	\$11,872	\$12,146	\$274
Intergovernmental	4,224,617	4,224,617	0	605,124	605,124	0
Interest	68,980	68,980	0	0	0	0
Tuition and Fees	6,182	6,182	0	0	0	0
Extracurricular Activities	3	3	0	66,344	66,344	0
Miscellaneous	22,290	22,290	0	14,166	14,168	2
<b>Total Revenues</b>	<b>5,352,397</b>	<b>5,395,331</b>	<b>42,934</b>	<b>697,506</b>	<b>697,782</b>	<b>276</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	2,414,637	2,401,265	13,372	83,124	83,124	0
Special	356,767	356,702	65	304,988	304,988	0
Vocational	211,130	210,466	664	0	0	0
Adult/Continuing	0	0	0	4,287	4,287	0
Support Services:						
Pupils	50,786	50,748	38	62,278	62,278	0
Instructional Staff	153,753	153,753	0	107,032	107,032	0
Board of Education	26,413	25,273	1,140	0	0	0
Administration	546,058	545,523	535	38,429	38,429	0
Fiscal	447,698	447,016	682	554	554	0
Business	513	513	0	0	0	0
Operation and Maintenance of Plant	573,584	564,047	9,537	0	0	0
Pupil Transportation	658,878	648,327	10,551	5,692	5,692	0
Central	3,128	0	3,128	8,045	8,045	0
Extracurricular Activities	39,304	39,304	0	77,215	77,215	0
Capital Outlay	15,735	15,735	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>5,498,384</b>	<b>5,458,672</b>	<b>39,712</b>	<b>691,644</b>	<b>691,644</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(145,987)	(63,341)	82,646	5,862	6,138	276
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	10,040	10,040	0	40,273	40,273	0
Refund of Prior Year Receipts	0	0	0	(4,218)	(4,218)	0
Other Financing Sources	25,203	25,203	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0	0	0
Advances In	0	0	0	20,753	20,753	0
Advances Out	(43,456)	(43,456)	0	0	0	0
Operating Transfers In	34,727	34,727	0	281	281	0
Operating Transfers Out	(107,812)	(36,707)	71,105	(34,727)	(34,727)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(81,298)</b>	<b>(10,193)</b>	<b>71,105</b>	<b>22,362</b>	<b>22,362</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(227,285)	(73,534)	153,751	28,224	28,500	276
Fund Balances at Beginning of Year	1,626,382	1,626,382	0	35,759	35,759	0
Prior Year Encumbrances Appropriated	172,424	172,424	0	8,798	8,798	0
<b>Fund Balances at End of Year</b>	<b>\$1,571,521</b>	<b>\$1,725,272</b>	<b>\$153,751</b>	<b>\$72,781</b>	<b>\$73,057</b>	<b>\$276</b>

See accompanying notes to the general purpose financial statements.

(continued)

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$84,256	\$80,163	(\$4,093)	\$0	\$0	\$0
8,155	8,155	0	1,144,996	1,144,996	0
4,275	4,275	0	5,213	18,205	12,992
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	13,999	13,999	0
<u>96,686</u>	<u>92,593</u>	<u>(4,093)</u>	<u>1,164,208</u>	<u>1,177,200</u>	<u>12,992</u>
0	0	0	196,001	196,001	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,941	1,941	0	0	0	0
0	0	0	102,115	83,087	19,028
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	804,608	804,608	0
23,000	23,000	0	0	0	0
12,990	12,990	0	0	0	0
<u>37,931</u>	<u>37,931</u>	<u>0</u>	<u>1,102,724</u>	<u>1,083,696</u>	<u>19,028</u>
<u>58,755</u>	<u>54,662</u>	<u>(4,093)</u>	<u>61,484</u>	<u>93,504</u>	<u>32,020</u>
0	0	0	150	150	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	2,139,600	2,049,000	(90,600)
0	0	0	302,000	302,000	0
0	0	0	22,703	22,703	0
0	0	0	0	0	0
35,990	35,990	0	0	0	0
0	0	0	0	0	0
<u>35,990</u>	<u>35,990</u>	<u>0</u>	<u>2,464,453</u>	<u>2,373,853</u>	<u>(90,600)</u>
94,745	90,652	(4,093)	2,525,937	2,467,357	(58,580)
0	0	0	143,568	143,568	0
0	0	0	76,397	76,397	0
<u>\$94,745</u>	<u>\$90,652</u>	<u>(\$4,093)</u>	<u>\$2,745,902</u>	<u>\$2,687,322</u>	<u>(\$58,580)</u>

(continued)

FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY

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

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$1,126,453	\$1,165,568	\$39,115
Intergovernmental	5,982,892	5,982,892	0
Interest	78,468	91,460	12,992
Tuition and Fees	6,182	6,182	0
Extracurricular Activities	66,347	66,347	0
Miscellaneous	50,455	50,457	2
<b>Total Revenues</b>	<b>7,310,797</b>	<b>7,362,906</b>	<b>52,109</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	2,693,762	2,680,390	13,372
Special	661,755	661,690	65
Vocational	211,130	210,466	664
Adult/Continuing	4,287	4,287	0
Support Services:			
Pupils	113,064	113,026	38
Instructional Staff	260,785	260,785	0
Board of Education	26,413	25,273	1,140
Administration	584,487	583,952	535
Fiscal	448,252	447,570	682
Business	2,454	2,454	0
Operation and Maintenance of Plant	675,699	647,134	28,565
Pupil Transportation	664,570	654,019	10,551
Central	11,173	8,045	3,128
Extracurricular Activities	116,519	116,519	0
Capital Outlay	820,343	820,343	0
Debt Service:			
Principal Retirement	23,000	23,000	0
Interest and Fiscal Charges	12,990	12,990	0
<b>Total Expenditures</b>	<b>7,330,683</b>	<b>7,271,943</b>	<b>58,740</b>
Excess of Revenues Over (Under) Expenditures	(19,886)	90,963	110,849
<b>Other Financing Sources (Uses):</b>			
Refund of Prior Year Expenditures	50,463	50,463	0
Refund of Prior Year Receipts	(4,218)	(4,218)	0
Other Financing Sources	25,203	25,203	0
Proceeds from Sale of Bonds	2,139,600	2,049,000	(90,600)
Proceeds from Sale of Notes	302,000	302,000	0
Advances In	43,456	43,456	0
Advances Out	(43,456)	(43,456)	0
Operating Transfers In	70,998	70,998	0
Operating Transfers Out	(142,539)	(71,434)	71,105
<b>Total Other Financing Sources (Uses)</b>	<b>2,441,507</b>	<b>2,422,012</b>	<b>(19,495)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,421,621	2,512,975	91,354
Fund Balances at Beginning of Year	1,805,709	1,805,709	0
Prior Year Encumbrances Appropriated	257,619	257,619	0
<b>Fund Balances at End of Year</b>	<b>\$4,484,949</b>	<b>\$4,576,303</b>	<b>\$91,354</b>



**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise
<b>Operating Revenues:</b>	
Sales	\$152,037
Total Revenues	152,037
<b>Operating Expenses:</b>	
Salaries and Wages	124,254
Fringe Benefits	73,808
Purchased Services	2,445
Materials and Supplies	33,318
Cost of Sales	135,081
Depreciation	1,313
Other	6,155
Total Expenses	376,374
Operating Loss	(224,337)
<b>Non-Operating Revenues:</b>	
Federal Donated Commodities	33,955
Operating Grants	172,794
Total Non-Operating Revenues	206,749
Loss Before Operating Transfers	(17,588)
Operating Transfers In	436
Net Loss	(17,152)
Retained Earnings (Deficit) at Beginning of Year	(137,294)
Retained Earnings (Deficit) at End of Year	(154,446)
Contributed Capital at Beginning of Year	152,285
Contributions from Other Funds	5,496
Contributed Capital at End of Year	157,781
<b>Total Fund Equity at End of Year</b>	<b>\$3,335</b>

*See accompanying notes to the general purpose financial statements.*

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Sales	\$153,484	\$153,484	\$0
Operating Grants	195,657	195,657	0
	<u>349,141</u>	<u>349,141</u>	<u>0</u>
<b>Expenses:</b>			
Salaries and Wages	126,781	126,781	0
Fringe Benefits	66,543	66,543	0
Purchased Services	2,519	2,445	74
Materials and Supplies	141,566	137,151	4,415
Other	9,061	9,061	0
	<u>346,470</u>	<u>341,981</u>	<u>4,489</u>
Excess of Revenues Over Expenses	2,671	7,160	4,489
Operating Transfers In	436	436	0
	<u>3,107</u>	<u>7,596</u>	<u>4,489</u>
Excess of Revenues Over Expenses and Operating Transfers	3,107	7,596	4,489
Fund Equity at Beginning of Year	15,652	15,652	0
Prior Year Encumbrances Appropriated	3,359	3,359	0
	<u>3,359</u>	<u>3,359</u>	<u>0</u>
Fund Equity at End of Year	<u>\$22,118</u>	<u>\$26,607</u>	<u>\$4,489</u>

*See accompanying notes to the general purpose financial statements.*

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

	<u>Enterprise</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$153,484
Cash Payments to Suppliers for Goods and Services	(138,452)
Cash Payments for Employee Services	(126,781)
Cash Payments for Employee Benefits	(66,543)
Cash Payments for Other Expenses	<u>(6,154)</u>
Net Cash Used in Operating Activities	<u>(184,446)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Transfers In	436
Operating Grants Received	<u>195,657</u>
Net Cash Provided by Noncapital Financing Activities	<u>196,093</u>
Net Increase in Cash and Cash Equivalents	11,647
Cash and Cash Equivalents at Beginning of Year	<u>19,011</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u><u>\$30,658</u></u></b>
<b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Used in Operating Activities:</b>	
Operating Loss	<u>(\$224,337)</u>
<b>Adjustments to Reconcile Operating Loss</b>	
<b>to Net Cash Used in Operating Activities:</b>	
Donated Commodities Used During Year	33,955
Depreciation Expense	1,313
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	256
Increase in Prepaids	(28)
Decrease in Materials and Supplies Inventory	26
Increase in Inventory Held for Resale	(597)
Decrease in Accounts Payable	(403)
Increase in Accrued Wages and Benefits Payable	1,727
Increase in Compensated Absences Payable	875
Increase in Intergovernmental Payables	<u>2,767</u>
Total Adjustments	<u>39,891</u>
<b>Net Cash Used in Operating Activities</b>	<b><u><u>(\$184,446)</u></u></b>

Non-Cash Transactions:

During fiscal year 2000, the Food Service Enterprise Fund received contributions of \$5,496 representing assets purchased by the General Fund.

*See accompanying notes to the general purpose financial statements.*

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**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The Frontier Local School District operates under a locally-elected board form of government and provides educational services as authorized by State and/or federal agencies. This board controls the School District's four instructional/support facilities staffed by 52 classified employees, 76 certificated full time teaching personnel, and 5 administrators, who provide services to 1,010 students and other community members.

The reporting entity is composed 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 Frontier Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the program's governing board and (1) the School District is able to significantly influence the programs of services performed or provided by the organization; or (2) the School District is legally entitled to or can 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. No separate governmental units meet the criteria for inclusion as a component unit.

The School District is associated with the Southeastern Ohio Voluntary Education Cooperative, the Washington County Joint Vocational School, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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 regulations or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

*GOVERNMENTAL FUND TYPES:*

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

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

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

*Debt Service Fund* - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

*FIDUCIARY FUND TYPE:*

The fiduciary fund type is used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds are all classified as agency funds. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*ACCOUNT GROUPS:*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term 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 the proprietary fund.

*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 fund.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 enterprise 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. Enterprise funds operating statements

**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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 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: investment earnings, tuition, grants, and student fees.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. 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. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. There were no unbilled service charges receivable at fiscal year end. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the



**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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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 fiscal 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 fund level. 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 Washington County Budget Commission for rate determination.

*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 fiscal 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 fiscal year. The certificate may be further amended during the fiscal 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 2000.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. The Treasurer has been given the authority to allocate appropriations among functions and objects within a fund during the fiscal year. During the fiscal year, several supplemental appropriations

**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal 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 fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for the proprietary fund type.

*Lapsing of Appropriations:*

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including the enterprise funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$68,980, which includes \$34,837 assigned from other School District funds.

The School District has a segregated bank account for athletic monies held separate from the School District's central bank account. This depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined

**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year, the School District had no investments that met these criteria.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Fixed Assets and Depreciation

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

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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. The School District does

**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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not have any infrastructure. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of ten to twenty years.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues, 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

*Special Revenue Funds*

- Disadvantaged Pupil Impact Aid

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Title VI-B
- Title I
- Title VI
- Professional Development
- Drug Free Schools
- Educational Management Information System
- Eisenhower Grant
- Goals 2000 Grant
- School Net Professional Development
- Textbook Subsidy
- Guidance Grant

*Capital Projects Funds*

- School Net
- School Net Plus
- Technology Equity
- Ohio School Facilities

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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*Reimbursable Grant*  
*Special Revenue Funds*  
Disaster Flood Relief

*Proprietary Funds*  
National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 80 percent of governmental fund revenues during the 2000 fiscal year.

J. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables".

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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the 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 whether they will be liquidated with current resources. However, claims and judgements, compensated absences, pension obligations, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year end are considered not to have been paid using current available financial resources. Long-term loans, capital leases, and

**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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bonds are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by the proprietary fund operations are reported as liabilities in the appropriate 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 and Designations

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable 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, inventory, school bus purchases, budget stabilization, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Fund balance designations have been established for textbooks and capital improvements. These designations represent the School District's intent to voluntarily spend these amounts on textbooks and capital improvements.

O. Contributed Capital

Contributed capital represents resources from other funds and other governments provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital increased by \$5,496 during fiscal year 2000.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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P. Total Columns on General Purpose Financial Statements

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

NOTE 3 - FUND DEFICITS

At June 30, 2000, the DPIA, Title VI-B, Title I and Miscellaneous Federal Grant Special Revenue Funds had deficit fund balances of \$8,890, \$8,227, \$9,152 and \$484. The Emergency School Building Repair Capital Projects Fund had a deficit balance of \$36,144. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service Enterprise Fund had deficit retained earnings of \$156,035. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**FRONTIER LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

5. Proceeds from and principal payments on revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$137,196	\$9,214	\$107,318	\$2,789,509
Revenue Accruals	(46,030)	9,832	(16,666)	0
Expenditure Accruals	60,996	(5,909)	0	11,355
Principal Retirement	11,941	0	0	0
Prepaid Items	1,321	0	0	0
Encumbrances	(195,502)	(5,390)	0	(356,210)
Advances In	0	20,753	0	22,703
Advances Out	<u>(43,456)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budget Basis	<u><u>(\$73,534)</u></u>	<u><u>\$28,500</u></u>	<u><u>\$90,652</u></u>	<u><u>\$2,467,357</u></u>

Net Income (Loss) /Excess of Revenues Over Expenses  
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	(\$17,152)
Revenue Accruals	1,447
Operating Grants	22,863
Expense Accruals	3,775
Prepaid Items	(28)
Materials and Supplies Inventory	26
Inventory Held for Resale	(597)



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Depreciation Expense	1,313
Encumbrances	<u>(4,051)</u>
Budget Basis	<u><u>\$7,596</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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 \$1,708,035 and the bank balance was \$1,731,331. Of the bank balance, \$100,031 was covered by federal depository insurance and \$1,631,300 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

*Investments:* The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which

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the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The fair value of the investment in STAR Ohio at June 30, 2000, was \$3,468,801.

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$5,176,836	\$0
Investment in STAROhio	(3,468,801)	3,468,801
GASB Statement 3	\$1,708,035	\$3,468,801

**NOTE 6 - PROPERTY TAXES**

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

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

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

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

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

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

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$36,562,530	81%	\$36,056,170	83%
Public Utility	5,915,460	13%	5,686,090	13%
Tangible Personal Property	2,529,170	6%	1,816,890	4%
Total Assessed Value	\$45,007,160	100%	\$43,559,150	100%
Tax Rate per \$1,000 of Assessed Valuation	\$40.40		\$40.40	

The School District receives property taxes from Washington County. The Washington County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, is 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 represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue or that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$61,110, \$1,587, and \$16,666 and is recognized as revenue in the General Fund, Classroom Maintenance Special Revenue Fund, and the Debt Service Fund, respectively. At June 30, 1999, \$14,795 was available to the School District.

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of taxes, accounts (billings for user charged services and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Substitute Teacher Reimbursement	<u>\$780</u>
Special Revenue Funds:	
Title I	<u>51,200</u>
Total Intergovernmental Receivables	<u>\$51,980</u>

**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$168,025
Less: Accumulated depreciation	<u>(139,271)</u>
Net Fixed Assets	<u>\$ 28,754</u>

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

	<u>Balance at 06/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 06/30/00</u>
Land and Improvements	\$429,864	\$4,900	\$0	\$434,764
Buildings and Improvements	2,719,409	79,867	0	2,799,276
Furniture and Equipment	958,547	250,606	0	1,209,153
Vehicles	<u>937,506</u>	<u>157,756</u>	<u>0</u>	<u>1,095,262</u>
Total	<u>\$5,045,326</u>	<u>\$493,129</u>	<u>\$0</u>	<u>\$5,538,455</u>

**NOTE 9- RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Barengo Insurance Agency for auto, inland marine, property insurance and boiler and machinery coverage. The policies include a \$500 deductible except for the auto insurance which has a deductible of \$100.

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Professional and general liability is protected by the Nationwide Insurance Company with a \$2,000,000 single occurrence limit and no deductible. Vehicles are also covered by Nationwide Insurance Company and holds a \$100 deductible for comprehensive and a \$100 deductible for collision. Automobile liability has a \$450,000 combined single limit of liability.

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$31,729, \$62,063, and \$74,638, respectively; 18.92 percent has been contributed for fiscal year 2000, and

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100 percent for fiscal years 1999 and 1998. \$25,726 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$137,730, \$139,644, and \$233,308, respectively; 81.18 percent has been contributed for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$25,918 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$183,640 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$63,739.

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

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260 days per year, earn vacation days at varying rates per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and qualifying administrators upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 250 days for certified employees and up to 230 days for classified employees. Upon retirement, certified employees receive payment as follows: thirty percent of 150 days maximum for five to nine years of service; thirty percent of 250 days maximum for 10 or more years of service. Classified employees, upon retirement, receive payment for accumulated sick leave days as follows: 30 days maximum for five to nine years of service; 45 days maximum for 10 or more years of service.

**B. Insurance Benefits**

The School District provides major medical, health, and prescription coverage through Anthem Blue Cross and Blue Shield of Ohio. The School District pays monthly premiums of up to \$520.72 for family coverage and up to \$186.45 for individual coverage. Premiums are paid from the same



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funds that pay the employees' salaries.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Community National Assurance in the amount of \$25,000.

Dental coverage is provided through Core Source, Incorporated. Premiums for this coverage are \$33.92 monthly for family and \$15.74 for single coverage.

Vision coverage is provided through Vision Service Plan, Incorporated. Premiums for this coverage are \$13.18 for family coverage and \$5.66 for individual coverage.

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

	<u>Outstanding</u> <u>06/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>06/30/00</u>
General Long-Term Obligations:				
Compensated Absences	\$407,134	\$93,410	\$86,467	\$414,077
General Obligation Bonds	0	2,049,000	0	2,049,000
Capital Leases Payable	38,874	0	11,941	26,933
Energy Conservation Notes - 6%	0	302,000	0	302,000
Energy Conservation Notes - 6%	228,000	0	23,000	205,000
Long-Term Pension Liability	<u>52,607</u>	<u>60,235</u>	<u>52,607</u>	<u>60,235</u>
Total Long-Term Obligations	<u>\$726,615</u>	<u>\$2,504,645</u>	<u>\$174,015</u>	<u>\$3,057,245</u>

*School Facilities Loan* - On May 5, 2000, the School District was awarded \$15,757,628 (of which the School District received \$1,096,453 in fiscal year 2000) for the construction of a new elementary and middle school and improvements to its high school facilities under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Generally, the School District repays the State for its contributions by levying an additional property tax of one-half mill for a twenty-three period. The School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$15,757,628 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 to the State for facilities maintenance. As part of the process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. 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

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of the State's contribution. Based on the School District's adjusted valuation relative to the state-wide median adjusted valuation, this possibility appears remote.

*Classroom Facilities General Obligation Bonds* - In June 1, 2000, Frontier Local School District issued \$2,049,000 in voted general obligation bonds for constructing a new elementary and middle school and improvements to its high school facilities. The bonds were issued for a 23 year period with final maturity on December 1, 2022. The bonds will be retired from the Debt Service Fund.

Compensated absences and long-term pension obligations will be paid from the fund which the employees' salaries are paid. The capital lease payable is for the purchase of a copier and will be paid from General Fund revenues.

*Energy Conservation Loan* - On December 12, 1996, the School District issued \$270,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2007. This note will be repaid with transfers from General Fund. The note liability is reflected in the general long-term obligations account group. The Capital Improvement Capital Projects Fund received the proceeds.

*Energy Conservation Loan* - On June 1, 2000, the School District issued \$302,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a fifteen year period with final maturity during fiscal year 2014. This note will be repaid with transfers from General Fund. The note liability is reflected in the general long-term obligations account group. The Capital Improvement Capital Projects Fund received the proceeds.

Principal and interest requirements to retire the Energy Conservation Notes outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$37,000	\$29,310	\$66,310
2002	40,000	27,000	67,000
2003	41,000	24,570	65,570
2004	45,000	21,990	66,990
2005	47,000	19,230	66,230
2006 - 2014	<u>297,000</u>	<u>79,350</u>	<u>376,350</u>
Total	<u>\$507,000</u>	<u>\$201,450</u>	<u>\$708,450</u>

Principal and interest requirements to retire the General Obligation Bonds outstanding at June 30, 2000, are as follows:

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Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$54,000	\$62,404	\$116,404
2002	20,000	122,270	142,270
2003	30,000	121,290	151,290
2004	30,000	119,745	149,745
2005	35,000	118,170	153,170
2006 - 2023	<u>1,880,000</u>	<u>1,362,400</u>	<u>3,242,400</u>
Total	<u>\$2,049,000</u>	<u>\$1,906,279</u>	<u>\$3,955,279</u>

The School District's overall legal debt margin was \$3,920,324 with an unvoted debt margin of \$43,559 at June 30, 2000.

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for a copier. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of a copier has been capitalized in the general fixed assets account group in the amount of \$54,038. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$11,941 in the General Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

<u>Fiscal Year Ending June 30,</u>	
2001	\$15,164
2002	<u>15,164</u>
Total	30,328
Less: Amount Representing Interest	<u>(3,395)</u>
Present Value of Net Minimum Lease Payments	<u>\$26,933</u>

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2000, the Title VI-B, Title I, and Title VI Special Revenue Funds owed the General Fund \$4,377, \$20,071, and \$682, respectively. The Emergency School Building Repair Grant

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Capital Projects Fund also owed the General Fund \$22,703.

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

	<u>Uniform Food Service</u>	<u>School Supplies</u>	<u>Total</u>
Operating Revenues	\$123,618	\$28,419	\$152,037
Depreciation Expense	1,313	0	1,313
Operating Loss	(223,525)	(812)	(224,337)
Donated Commodities	33,955	0	33,955
Operating Grants	172,794	0	172,794
Operating Transfers In	0	436	436
Net Loss	(16,776)	(376)	(17,152)
Net Working Capital	2,032	1,589	3,621
Total Assets	65,773	1,589	67,362
Current Capital Contributions	5,496	0	5,496
Long-Term Liabilities Paid From Fund Revenue	29,141	0	29,141
Total Equity	1,746	1,589	3,335
Encumbrances at June 30, 2000	4,051	0	4,051

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

*Southeastern Ohio Voluntary Education Cooperative* - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 33 participants consisting of 24 school districts and 9 educational service centers. SEOVEC is

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

*Washington County Joint Vocational School* - The Washington County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Washington County Educational Service Center's board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Joint Vocational School, Mary Bee, Treasurer, at Route 2, Marietta, Ohio 45750.

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists 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.

**NOTE 18 - INSURANCE PURCHASING POOL**

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

**NOTE 19 - STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,014,270 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had been awarded a total of \$15.8 million under this program.

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**NOTE 20 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The Frontier Local School District is currently not party to any litigation.

**NOTE 21 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts are also to be set aside if the School District's base amount used for the yearly set-aside calculation increases three percent or more from the prior fiscal year. This amount is to be included in the budget stabilization reserve.

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

The following information describes any changes in the amounts set-aside for textbooks and instructional materials, capital improvements, and budget stabilization from the end of the prior year to the end of the current fiscal year.

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$60,286	\$0	\$0
Current Year Set-aside Requirement	0	104,841	104,841
Qualifying Disbursements	0	(196,791)	(127,765)
Set-aside Balance Carried Forward to Future Fiscal Years	\$60,286	(\$91,950)	(\$22,924)
Set-aside Reserve Balance as of June 30, 2000	\$60,286	\$0	\$0

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$60,286.

**NOTE 22 - SUBSEQUENT EVENT**

Legislation effective September 14, 2000, eliminates any possibility that money received by the Local School District under the State's School Facilities Program will need to be repaid.

**FRONTIERLOCAL SCHOOL DISTRICT  
WASHINGTONCOUNTY**

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

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Noncash Receipts	Cash Disbursements	Noncash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$31,765	\$0	\$33,955
National School Breakfast	50492-05-PU-99/00	10.553	\$44,258		\$44,258	
National School Lunch Program	50492-03-PU-99/00	10.555	<u>137,553</u>	<u>0</u>	<u>137,553</u>	<u>0</u>
Total U.S. Department of Agriculture-Nutrition Cluster			<u>181,811</u>	<u>31,765</u>	<u>181,811</u>	<u>33,955</u>
Total U.S. Department of Agriculture			181,811	31,765	181,811	33,955
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Educationally Deprived Children - Local Educational Agencies Title I	50492-C1-S1-99 50492-C1-S1-99C 50492-C1-S1-00	84.010 84.010 84.010	71,002 4,218 <u>201,612</u>	0 0 <u>0</u>	71,666 4,218 <u>219,789</u>	0 0 <u>0</u>
Total Title I			276,832	0	295,673	0
Special Education Cluster:						
Education of the Handicapped	50492-6B-SF-99 50492-6B-SF-99	84.027 84.027	6,030 <u>66,622</u>	0 <u>0</u>	10,996 <u>63,779</u>	0 <u>0</u>
Total Special Education Cluster: Education of the Handicapped			72,652	0	74,775	0
Drug Free Schools and Communities Grant	50492-DR-S1-99 50492-DR-S1-00	84.186 84.186	2,088 <u>3,240</u>	0 <u>0</u>	3,452 <u>3,072</u>	0 <u>0</u>
Total Drug Free Schools			5,328	0	6,524	0
Eisenhower Professional Development State Grant	50492-MS-S1-00	84.281	<u>7,239</u>	<u>0</u>	<u>3,054</u>	<u>0</u>
Innovative Programs, IASA Title VI	50492-C2-S1-99 50492-C2-S1-00	84.298 84.298	0 <u>3,890</u>	0 <u>0</u>	1,735 <u>2,698</u>	0 <u>0</u>
Total Title VI			3,890	0	4,433	0
Reducing Class Size Title VI - R	50492-CR-S1-00	84.340	<u>24,854</u>	<u>0</u>	<u>19,762</u>	<u>0</u>
Total U.S. Department of Education			<u>390,795</u>	<u>0</u>	<u>404,221</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$572,606</u></b>	<b><u>\$31,765</u></b>	<b><u>\$586,032</u></b>	<b><u>\$33,955</u></b>

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



**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the School District's Federal Award Programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

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OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

Frontier Local School District  
Washington County  
Route 3 - Box 134  
New Matamoras, Ohio 45767-9756

To the Board of Education:

We have audited the accompanying general purpose financial statements of Frontier Local School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 11, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-11084-001.

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

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 11, 2001.

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

**Jim Petro**  
Auditor of State

January 11, 2001



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

Frontier Local School District  
Washington County  
Route 3 - Box 134  
New Matamoras, Ohio 45767-9756

To the Board of Education:

**Compliance**

We have audited the compliance of Frontier Local School District, Washington 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, 2000. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of 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, 2000.

**Internal Control Over Compliance**

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

Frontier Local School District  
Washington County  
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  
Page 2

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

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

**Jim Petro**  
Auditor of State

January 11, 2001

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(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)?	Yes
(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):	Educationally Deprived Children - Local Educational Agencies - Title I CFDA #84.010 Reducing Class Size, Title VI-R CFDA #84.340
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY  
JUNE 30, 2000**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-11084-001**

**Reportable Condition**

The School District should post to the revenue journal the estimated amount of revenue anticipated to be received as specified in the Amended Certificate of Estimated Resources. In addition, the School District should post to the appropriation ledger the amount of appropriations that has been passed by the legislative authority in the appropriation resolution.

Even though amounts recorded in the School District's revenue journal and appropriations ledger were in agreement with legislatively approved amounts at year end, the budgetary accounting records did not reflect the estimated amount of money anticipated to be received as specified by the budget commission nor the amount appropriated by the Board of Education in the annual appropriation resolution(s) throughout the first eleven months of fiscal year 2000.

As a result, inaccurate budgetary reports were presented each month to the School District's management to use as a basis for managing the School District.

We recommend School District personnel post legislatively approved budgetary documents to the budgetary accounting records in a timely manner. These budgetary reports should be reviewed by District personnel to ascertain that budgetary amounts in the budgetary accounting records reconcile with the budgetary amounts approved by the legislative authority.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

The audit of Frontier Local School District, Washington County, for the year ending June 30, 2000 contained no findings or questioned costs for federal awards.



**FRONTIER LOCAL SCHOOL DISTRICT  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-11084-001	Student Activity Sales Project Potential Forms were not always completed and signed by the responsible faculty advisor. Different people approved the forms. Documentation for amounts listed on the forms was not always available or reliable.	Yes	Finding No Longer Valid
1999-11084-002	Ohio Rev. Code § 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Total expenditures and contract commitments exceeded total appropriations in two funds at year end. Expenditures and contract commitments also exceeded appropriations in various funds throughout the year at both the legal level of control and the fund level in seven funds.	No	Not Corrected: Expenditures exceeded appropriations in April & May 2,000. Citation repeated.
1999-11084-003	Ohio Rev. Code § 5705.10 states that any money paid into any fund shall be used only for the purposes for which such fund was established. During the year, there were four funds that had negative balances.	No	Partially Corrected: There were three funds that had negative balances. Citation repeated.
1999-11084-004	Ohio Rev. Code § 3313.46(A)(2) states that a Board of Education is required to advertise for bids once a week for four consecutive weeks in a local newspaper when they have determined to build, repair, enlarge, improve, or demolish a school building with a cost in excess of \$25,000. The Board only advertised one time in a local newspaper.	Yes	No Longer Valid.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**FRONTIER LOCAL SCHOOL DISTRICT**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 22, 2001**