



**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Union Local School District
Belmont County
P.O. Box 300
Morristown, Ohio 43759

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Union Local School District, Belmont 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 the Union Local School District, Belmont County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 stated, in all material respects, in relation to the general purpose financial statements taken as whole.

Jim Petro
Auditor of State

December 13, 2000

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**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$110,527	\$196,282	\$231,645	\$594,932
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Receivables:				
Property and Other Taxes	1,906,732	42,219	340,818	0
Accounts	500	0	0	0
Intergovernmental	0	44,199	0	125,337
Interfund	147,292	0	0	0
Prepaid Items	99,202	6,973	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies				
Inventory	63,455	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	109,642	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund or Retirement of Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$2,437,350	\$289,673	\$572,463	\$720,269

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$0	\$0	\$69,830	\$0	\$0	\$1,203,216
0	95,997	0	0	0	95,997
0	0	0	0	0	2,289,769
0	0	0	0	0	500
26,474	0	0	0	0	196,010
0	0	0	0	0	147,292
5,641	0	0	0	0	111,816
10,218	0	0	0	0	10,218
777	0	0	0	0	64,232
0	0	0	0	0	109,642
390,809	0	0	22,085,311	0	22,476,120
0	0	0	0	255,944	255,944
0	0	0	0	3,846,471	3,846,471
<u>\$433,919</u>	<u>\$95,997</u>	<u>\$69,830</u>	<u>\$22,085,311</u>	<u>\$4,102,415</u>	<u>\$30,807,227</u>

(continued)

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$72,747	\$11,305	\$0	\$5,279
Contracts Payable	0	0	0	24,590
Accrued Wages and and Benefits Payable	828,114	94,510	0	0
Compensated Absences Payable	48,380	0	0	0
Interfund Payable	0	8,281	0	19,178
Intergovernmental Payable	191,858	38,936	0	17
Deferred Revenue	1,762,138	39,256	316,519	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Claims Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,903,237	192,288	316,519	49,064
Fund Equity and Other Credits:				
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	75,708	6,660	0	80,739
Reserved for Inventory	63,455	0	0	0
Reserved for Property Taxes	144,594	2,963	24,299	0
Reserved for Endowments	0	0	0	0
Reserved for Budget Stabilization	109,642	0	0	0
Unreserved, Designated	46,076	0	0	0
Unreserved, Undesignated (Deficits)	(905,362)	87,762	231,645	590,466
Total Fund Equity (Deficits) and Other Credits	(465,887)	97,385	255,944	671,205
Total Liabilities, Fund Equity and Other Credits	\$2,437,350	\$289,673	\$572,463	\$720,269

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$21,102	\$0	\$6,000	\$0	\$0	\$116,433
0	0	0	0	0	24,590
30,977	0	0	0	0	953,601
10,602	0	0	0	665,765	724,747
119,833	0	0	0	0	147,292
16,119	0	6,500	0	79,565	332,995
4,746	0	0	0	0	2,122,659
0	0	25,452	0	0	25,452
0	0	0	0	7,085	7,085
0	10,861	0	0	0	10,861
0	0	0	0	50,000	50,000
0	0	0	0	3,300,000	3,300,000
<u>203,379</u>	<u>10,861</u>	<u>37,952</u>	<u>0</u>	<u>4,102,415</u>	<u>7,815,715</u>
0	0	0	22,085,311	0	22,085,311
667,586	0	0	0	0	667,586
(437,046)	85,136	0	0	0	(351,910)
0	0	0	0	0	163,107
0	0	0	0	0	63,455
0	0	0	0	0	171,856
0	0	6,000	0	0	6,000
0	0	0	0	0	109,642
0	0	0	0	0	46,076
0	0	25,878	0	0	30,389
<u>230,540</u>	<u>85,136</u>	<u>31,878</u>	<u>22,085,311</u>	<u>0</u>	<u>22,991,512</u>
<u>\$433,919</u>	<u>\$95,997</u>	<u>\$69,830</u>	<u>\$22,085,311</u>	<u>\$4,102,415</u>	<u>\$30,807,227</u>

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	Governmental		Fund Types	
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Property and Other Taxes	\$1,794,060	\$38,567	\$316,253	\$142,124
Intergovernmental	5,990,581	951,214	35,303	628,345
Interest	56,454	170	0	38,956
Tuition and Fees	40,619	291	0	0
Extracurricular Activities	0	119,898	0	0
Gifts and Donations	5,000	5,858	0	0
Miscellaneous	3,215	0	0	0
Total Revenues	7,889,929	1,115,998	351,556	809,425
Expenditures:				
Current:				
Instruction:				
Regular	4,142,899	353,658	0	0
Special	611,139	460,645	0	0
Vocational	212,481	0	0	0
Adult/Continuing	0	1,590	0	0
Other	12,245	0	0	0
Support Services:				
Pupils	322,948	64,661	0	0
Instructional Staff	309,266	49,688	0	0
Board of Education	59,818	0	0	0
Administration	718,392	8,835	0	0
Fiscal	201,262	891	7,306	0
Operation and Maintenance of Plant	994,668	7,440	0	0
Pupil Transportation	510,717	7,788	0	0
Central	8,500	7,791	0	0
Extracurricular Activities	108,422	147,470	0	0
Capital Outlay	0	0	0	1,035,999
Debt Service:				
Principal	846	0	65,000	0
Interest and Fiscal Charges	0	0	195,818	0
Total Expenditures	8,213,603	1,110,457	268,124	1,035,999
Excess of Revenues Over (Under) Expenditures	(323,674)	5,541	83,432	(226,574)
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	3,279	0	0	0
Operating Transfers In	23,908	19,322	0	0
Operating Transfers Out	(17,810)	0	0	(25,420)
Total Other Financing Sources (Uses)	9,377	19,322	0	(25,420)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(314,297)	24,863	83,432	(251,994)
Fund Balances at Beginning of Year	(135,405)	72,522	172,512	923,199
Decrease in Reserve for Inventory	(16,185)	0	0	0
Fund Balances (Deficits) at End of Year	(\$465,887)	\$97,385	\$255,944	\$671,205

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$0	\$2,291,004
0	7,605,443
564	96,144
0	40,910
0	119,898
23,780	34,638
0	3,215
<u>24,344</u>	<u>10,191,252</u>
23,600	4,520,157
0	1,071,784
0	212,481
0	1,590
0	12,245
0	387,609
0	358,954
0	59,818
0	727,227
0	209,459
0	1,002,108
0	518,505
0	16,291
0	255,892
0	1,035,999
0	65,846
0	195,818
<u>23,600</u>	<u>10,651,783</u>
<u>744</u>	<u>(460,531)</u>
0	3,279
0	43,230
0	(43,230)
<u>0</u>	<u>3,279</u>
744	(457,252)
11,894	1,044,722
0	(16,185)
<u>\$12,638</u>	<u>\$571,285</u>

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$1,730,000	\$1,711,581	(\$18,419)	\$36,000	\$37,093	\$1,093
Intergovernmental	6,043,200	5,990,581	(52,619)	976,586	907,842	(68,744)
Interest	58,000	56,811	(1,189)	200	167	(33)
Tuition and Fees	59,700	40,619	(19,081)	0	0	0
Extracurricular Activities	0	0	0	132,700	119,898	(12,802)
Gifts and Donations	5,000	5,000	0	8,855	5,858	(2,997)
Miscellaneous	6,200	2,715	(3,485)	0	0	0
Total Revenues	7,902,100	7,807,307	(94,793)	1,154,341	1,070,858	(83,483)
Expenditures:						
Current:						
Instruction:						
Regular	4,239,588	4,085,972	153,616	377,857	339,379	38,478
Special	632,168	610,199	21,969	501,445	460,387	41,058
Vocational	218,510	212,500	6,010	0	0	0
Adult/Continuing	0	0	0	1,870	1,590	280
Other	16,000	15,746	254	0	0	0
Support Services:						
Pupils	348,787	322,461	26,326	56,690	54,287	2,403
Instructional Staff	296,400	314,319	(17,919)	50,852	49,106	1,746
Board of Education	71,416	59,609	11,807	0	0	0
Administration	756,452	705,194	51,258	11,740	8,487	3,253
Fiscal	205,772	200,436	5,336	900	891	9
Operation and Maintenance of Plant	1,039,910	995,725	44,185	18,000	7,440	10,560
Pupil Transportation	587,988	573,689	14,299	6,801	5,653	1,148
Central	8,501	8,501	0	9,500	5,943	3,557
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	112,220	110,795	1,425	160,226	146,875	13,351
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	8,533,712	8,215,146	318,566	1,195,881	1,080,038	115,843
Excess of Revenues Over/(Under) Expenditures	(631,612)	(407,839)	223,773	(41,540)	(9,180)	32,360
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	3,000	3,279	279	0	0	0
Advances Out	(25,000)	(15,255)	9,745	0	0	0
Operating Transfers In	200	23,908	23,708	8,900	19,322	10,422
Operating Transfers Out	(25,000)	(17,810)	7,190	(6,000)	0	6,000
Total Other Financing Sources (Uses)	(46,800)	(5,878)	40,922	2,900	19,322	16,422
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(678,412)	(413,717)	264,695	(38,640)	10,142	48,782
Fund Balances at Beginning of Year	523,964	523,964	0	127,634	127,634	0
Prior Year Encumbrances Appropriated	49,711	49,711	0	37,452	37,452	0
Fund Balances (Deficits) at End of Year	(\$104,737)	\$159,958	\$264,695	\$126,446	\$175,228	\$48,782

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$308,000	\$304,165	(\$3,835)	\$154,000	\$154,171	\$171
22,000	35,303	13,303	661,418	503,008	(158,410)
0	0	0	41,545	39,171	(2,374)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>330,000</u>	<u>339,468</u>	<u>9,468</u>	<u>856,963</u>	<u>696,350</u>	<u>(160,613)</u>
0	0	0	287,380	263,421	23,959
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	1,900	1,833	67
0	0	0	1,000	895	105
0	0	0	0	0	0
0	0	0	4,200	4,067	133
7,500	7,306	194	7,200	4,466	2,734
0	0	0	131,200	115,243	15,957
0	0	0	37,868	36,414	1,454
0	0	0	0	0	0
0	0	0	6,100	6,042	58
0	0	0	0	0	0
0	0	0	920,042	763,155	156,887
65,000	65,000	0	0	0	0
<u>196,000</u>	<u>195,818</u>	<u>182</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>268,500</u>	<u>268,124</u>	<u>376</u>	<u>1,396,890</u>	<u>1,195,536</u>	<u>201,354</u>
<u>61,500</u>	<u>71,344</u>	<u>9,844</u>	<u>(539,927)</u>	<u>(499,186)</u>	<u>40,741</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(25,462)	(25,420)	42
<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,462)</u>	<u>(25,420)</u>	<u>42</u>
61,500	71,344	9,844	(565,389)	(524,606)	40,783
160,301	160,301	0	930,103	930,103	0
0	0	0	85,089	85,089	0
<u>\$221,801</u>	<u>\$231,645</u>	<u>\$9,844</u>	<u>\$449,803</u>	<u>\$490,586</u>	<u>\$40,783</u>

(continued)

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$0	\$0	\$0	\$2,228,000	\$2,207,010	(\$20,990)
Intergovernmental	0	0	0	7,703,204	7,436,734	(266,470)
Interest	445	524	79	100,190	96,673	(3,517)
Tuition and Fees	0	0	0	59,700	40,619	(19,081)
Extracurricular Activities	0	0	0	132,700	119,898	(12,802)
Gifts and Donations	23,500	23,780	280	37,355	34,638	(2,717)
Miscellaneous	0	0	0	6,200	2,715	(3,485)
Total Revenues	23,945	24,304	359	10,267,349	9,938,287	(329,062)
Expenditures:						
Current:						
Instruction:						
Regular	23,650	23,350	300	4,928,475	4,712,122	216,353
Special	0	0	0	1,133,613	1,070,586	63,027
Vocational	0	0	0	218,510	212,500	6,010
Adult/Continuing	0	0	0	1,870	1,590	280
Other	0	0	0	16,000	15,746	254
Support Services:						
Pupils	0	0	0	407,377	378,581	28,796
Instructional Staff	0	0	0	348,252	364,320	(16,068)
Board of Education	0	0	0	71,416	59,609	11,807
Administration	0	0	0	772,392	717,748	54,644
Fiscal	0	0	0	221,372	213,099	8,273
Operation and Maintenance of Pla	0	0	0	1,189,110	1,118,408	70,702
Pupil Transportation	0	0	0	632,657	615,756	16,901
Operation of Non-Instructional Ser	0	0	0	18,001	14,444	3,557
Non-Instructional Services	0	0	0	6,100	6,042	58
Extracurricular Activities	0	0	0	272,446	257,670	14,776
Capital Outlay	0	0	0	920,042	763,155	156,887
Debt Service:						
Principal Retirement	0	0	0	65,000	65,000	0
Interest and Fiscal Charges	0	0	0	196,000	195,818	182
Total Expenditures	23,650	23,350	300	11,418,633	10,782,194	636,439
Excess of Revenues Under Expendit	295	954	659	(1,151,284)	(843,907)	307,377
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	3,000	3,279	279
Advances Out	0	0	0	(25,000)	(15,255)	9,745
Operating Transfers In	0	0	0	9,100	43,230	34,130
Operating Transfers Out	0	0	0	(56,462)	(43,230)	13,232
Total Other Financing Sources (Uses)	0	0	0	(69,362)	(11,976)	57,386
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Fin	295	954	659	(1,220,646)	(855,883)	364,763
Fund Balances at Beginning of Year	24,074	24,074	0	1,766,076	1,766,076	0
Prior Year Encumbrances Appropria	0	0	0	172,252	172,252	0
Fund Balances (Deficits) at End of	\$24,369	\$25,028	\$659	\$717,682	\$1,082,445	\$364,763

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Operating Revenues:				
Sales	\$222,110	\$0	\$0	\$222,110
Charges for Services	0	307,608	0	307,608
Interest	0	0	887	887
Other Revenues	1,739	0	0	1,739
Total Operating Revenues	223,849	307,608	887	532,344
Operating Expenses:				
Salaries	146,354	0	0	146,354
Fringe Benefits	94,984	0	0	94,984
Purchased Services	247	8,853	0	9,100
Materials and Supplies	22,809	0	0	22,809
Cost of Sales	208,822	0	0	208,822
Depreciation	21,442	0	0	21,442
Claims	0	303,660	0	303,660
Other	660	0	300	960
Total Operating Expenses	495,318	312,513	300	808,131
Operating Income (Loss)	(271,469)	(4,905)	587	(275,787)
Non-Operating Revenues:				
Federal Donated Commodities	28,943	0	0	28,943
Interest	0	5,260	0	5,260
Operating Grants	185,966	0	0	185,966
Total Non-Operating Revenues	214,909	5,260	0	220,169
Net Income (Loss)	(56,560)	355	587	(55,618)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	(380,486)	84,781	18,653	(277,052)
Retained Earnings/Fund Balance (Deficit) at End of Year	(437,046)	85,136	19,240	(332,670)
Contributed Capital				
Beginning of Year	659,428	0	0	659,428
Current Capital Contributions-				
Governmental Funds	8,158	0	0	8,158
Contributed Capital at End of Year	667,586	0	0	667,586
Fund Equity at End of Year	\$230,540	\$85,136	\$19,240	\$334,916

See accompanying notes to the general purpose financial statements.

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**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$201,200	\$222,110	\$20,910
Charges for Services	0	0	0
Operating Grants	216,500	186,580	(29,920)
Interest	0	0	0
Other Revenues	2,300	1,739	(561)
Total Revenues	420,000	410,429	(9,571)
Expenses:			
Salaries	139,266	147,544	(8,278)
Fringe Benefits	100,334	97,335	2,999
Purchased Services	600	247	353
Materials and Supplies	185,743	237,294	(51,551)
Capital Outlay	1,058	615	443
Other	1,000	660	340
Total Expenses	428,001	483,695	(55,694)
Excess of Revenues Over (Under) Expenses	(8,001)	(73,266)	(65,265)
Advances In	20,000	15,255	(4,745)
Excess of Revenues Over (Under) Expenses and Advances	11,999	(58,011)	(70,010)
Fund Equity at Beginning of Year	720	720	0
Fund Equity (Deficit) at End of Year	\$12,719	(\$57,291)	(\$70,010)

(continued)

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$0	\$0	\$0
Charges for Services	318,000	307,609	(10,391)
Operating Grants	0	0	0
Interest	6,000	5,260	(740)
Other Revenues	0	0	0
Total Revenues	324,000	312,869	(11,131)
Expenses:			
Salaries	0	0	0
Fringe Benefits	800	694	106
Purchased Services	336,200	319,513	16,687
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	0	0	0
Total Expenses	337,000	320,207	16,793
Excess of Revenues Over (Under) Expenses	(13,000)	(7,338)	5,662
Advances In	0	0	0
Excess of Revenues Over (Under) Expenses and Advances In	(13,000)	(7,338)	5,662
Fund Equity at Beginning of Year	103,335	103,335	0
Fund Equity (Deficit) at End of Year	\$90,335	\$95,997	\$5,662

See accompanying notes to the general purpose financial statements.

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$201,200	\$222,110	\$20,910
0	0	0	318,000	307,609	(10,391)
0	0	0	216,500	186,580	(29,920)
750	857	107	6,750	6,117	(633)
0	0	0	2,300	1,739	(561)
<u>750</u>	<u>857</u>	<u>107</u>	<u>744,750</u>	<u>724,155</u>	<u>(20,595)</u>
0	0	0	139,266	147,544	(8,278)
0	0	0	101,134	98,029	3,105
0	0	0	336,800	319,760	17,040
0	0	0	185,743	237,294	(51,551)
0	0	0	1,058	615	443
300	300	0	1,300	960	340
<u>300</u>	<u>300</u>	<u>0</u>	<u>765,301</u>	<u>804,202</u>	<u>(38,901)</u>
450	557	107	(20,551)	(80,047)	(59,496)
0	0	0	20,000	15,255	(4,745)
450	557	107	(551)	(64,792)	(64,241)
18,595	18,595	0	122,650	122,650	0
<u>\$19,045</u>	<u>\$19,152</u>	<u>\$107</u>	<u>\$122,099</u>	<u>\$57,858</u>	<u>(\$64,241)</u>

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**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents:				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$222,110	\$0	\$0	\$222,110
Cash Received from Quasi-External Transactions with Other Funds	0	307,609	0	307,609
Cash Payments to Suppliers for Goods and Services	(180,250)	(694)	0	(180,944)
Cash Payments for Employee Services	(147,544)	0	0	(147,544)
Cash Payments for Employee Benefits	(97,335)	0	0	(97,335)
Cash Payments for Scholarships	0	0	(300)	(300)
Cash Payments for Claims	0	(319,513)	0	(319,513)
Other Operating Revenues	1,739	0	0	1,739
Other Operating Expenses	(660)	0	0	(660)
Net Cash Used for Operating Activities	<u>(201,940)</u>	<u>(12,598)</u>	<u>(300)</u>	<u>(214,838)</u>
Cash Flows from Noncapital Financing Activities:				
Advances In	15,255	0	0	15,255
Operating Grants Received	186,580	0	0	186,580
Net Cash Provided by Noncapital Financing Activities	<u>201,835</u>	<u>0</u>	<u>0</u>	<u>201,835</u>
Cash Flows from Investing Activities:				
Interest on Investments	0	5,260	887	6,147
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(615)	0	0	(615)
Net Increase (Decrease) in Cash and Cash Equivalents	(720)	(7,338)	587	(7,471)
Cash and Cash Equivalents at Beginning of Year	720	103,335	18,653	122,708
Cash and Cash Equivalents at End of Year	<u><u>\$0</u></u>	<u><u>\$95,997</u></u>	<u><u>\$19,240</u></u>	<u><u>115,237</u></u>

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**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1952 through the consolidation of the Union Township, Smith Township, Belmont, Bethesda, Lafferty, and Holloway schools. In 1968, the new Union Local School District was formed when the Flushing School District joined the consolidation. The combined high school, Union Local High School, was built in 1958, with the first class graduating in 1960. It is located in Belmont County, and includes all of the Villages of Morristown, Belmont, Centerville, Bethesda, and Flushing. The School District is the 346th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 61 non-certificated employees, 110 certificated full-time teaching personnel and 12 administrative employees who provide services to 1,632 students and other community members. Subsequent to the completion of the renovations to the high school building and new addition and the construction of the new elementary school, the Flushing, Centerville, Belmont, and Bethesda Elementary Buildings were turned over to the communities for one dollar. The School District currently operates 2 instructional buildings, 1 administrative building, and 1 garage.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

No separate governmental units meet the criteria for inclusion as a component unit.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District is involved with the Belmont-Harrison Vocational School, the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA), the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan which are defined as jointly governed organizations, an insurance purchasing pool, and a claims servicing pool. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

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 and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

Proprietary Fund Types:

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

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

Internal Service Fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or trust funds.

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function for the General Fund, and at the fund level for all other funds. The treasurer has the authority to further allocate fund appropriations passed by the Board of Education. 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.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

By no later than January 20, the Board-adopted budget is filed with the Belmont 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 year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 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, function, and object level of expenditures for the General Fund, and at the fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances:

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

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 and Cash with Fiscal Agent

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

During fiscal year 2000, investments were limited to repurchase agreements. Repurchase agreements are reported at cost.

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 \$56,454, which includes \$30,405 assigned from other School District funds.

The School District has cash with fiscal agent for monies held separate from the School District's central bank account. This account is maintained by the District's self-insurance third party administrator and is presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" 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 of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

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

F. Prepaid Items

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

G. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Special Revenue Funds

- Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

- Textbook Subsidy
- Continuous Improvement
- Education Management Information Systems
- Tech Prep Grant
- Vocational Education Equipment
- Data Communication Support
- Safe School Help Line
- Telecommunications (E-Rate)
- Goals 2000
- Class-Size Reduction
- Schoolnet Professional Development
- Title I
- Title VI
- Title VI-B
- Professional Development Block Grant

Capital Projects Funds

- School Net
- Emergency School Building Repair
- Technology Equity

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements amounted to 74 percent of governmental fund revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables”. Long-term interfund loans are classified as “advances to/from other funds” and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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 certified, administrative, and classified employees after 15 years of current service with the School District.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

L. Accrued Liabilities and Long-Term Obligations

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

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

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

M. Interfund Transactions

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

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

N. Fund Balance Reserves

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources 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. The amount of contributed capital increased in the amount of \$8,158 for contributions from governmental funds.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1993, 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.

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, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Q. Estimates

The preparation of the 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.

R. Designation of Fund Balance

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the General Fund, DPIA Special Revenue Fund, Title 1 Special Revenue Fund, Combined Goals 2000 Special Revenue Fund, Title VI-B Special Revenue Fund, and the Food Service Enterprise Fund had a deficit fund balance/retained earnings of \$465,887, \$34,161, \$20,486, \$6,232, 11,096, and \$437,046 respectively. The deficit in the General Fund was created by the application of generally accepted accounting principles. The School District is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending. The DPIA, Title 1, and Combined Goals 2000 Special Revenue Funds' deficit fund balances were created by the application of generally accepted accounting principles. The Title VI-B Special Revenue Fund's deficit balance was also created by the application of generally accepted accounting principles. These funds receive transfers from the General Fund when cash is required rather than when accruals occur. The Food Service Enterprise Fund's deficit retained earnings was created by the application of generally accepted accounting principles. Management is reviewing food service operations to determine whether changes are adequate.

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2000.

Fund Type/Fund	Estimated Resources	Appropriations	Excess
General Fund:	\$8,478,975	\$8,583,712	\$104,737
Special Revenue Funds:			
Athletic and Music	131,995	134,774	2,779
Professional Development	16,681	16,785	104
Title VI-B	112,753	113,557	804
Title I	461,157	461,250	93
Capital Projects Funds:			
Classroom Facilities	513,672	513,713	41
Emergency School Building Repairs	149,806	160,116	10,310

In the future, the School District will revise the appropriation resolution during the year and amend the certificate of estimated resources as needed in an effort to eliminate appropriations in excess of estimated revenues.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

	<u>Excess</u>
General Fund:	
Support Services - Instructional	
Salaries	\$20,758
Purchased Services	140
Support Services - Pupil Transportation	
Other	360
Enterprise Fund:	
Food Service Fund	55,696

The School District will more closely monitor budgeted amounts and expenditure estimates in the future.

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 Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types and Nonexpendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are 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 type (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).

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

5. Proceeds from and principal payments on bond and 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 and Expendable Trust Funds

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$314,297)	\$24,863	\$83,432	(\$251,994)	\$744
Revenue Accruals	(86,573)	(45,156)	(12,088)	(114,532)	(154)
Unrecorded Cash	3,951	16	0	1,457	114
Expenditure Accruals	(17,026)	36,203	0	(75,827)	250
Prepaid Items	99,202	6,973	0	0	0
Advances - Out	(15,255)	0	0	0	0
Encumbrances	(83,719)	(12,757)	0	(83,710)	0
Budget Basis	<u>(\$413,717)</u>	<u>\$10,142</u>	<u>\$71,344</u>	<u>(\$524,606)</u>	<u>\$954</u>

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Advances
All Proprietary Fund Types and Non-Expendable Trust Funds

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$56,560)	\$355	\$587
Revenue Accrual	(28,329)	0	(119)
Unrecorded Cash	0	0	89
Expense Accrual	47,260	(7,693)	0
Prepaid Items	553	0	0
Materials and Supplies Inventory	255	0	0
Inventory Held for Resale	19	0	0
Capital Outlay	(615)	0	0
Depreciation Expense	21,442	0	0
Advances-In	15,255	0	0
Encumbrances	(57,291)	0	0
Budget Basis	(\$58,011)	(\$7,338)	\$557

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 demand 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.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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 moneys deposited with the institution.

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

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 5 - DEPOSITS AND INVESTMENTS

8. Under limited circumstances, corporate debt interest 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.

Cash on Hand At year end, the School District had \$5,627 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

Deposits At year end the carrying amount of the School District's deposits was (\$204,262) and the bank balance was \$287,228. \$100,000 of the bank balance was covered by federal depository insurance. The remaining \$187,228 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 the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

	Category 2	Category 3	Carrying Value	Market Value
Repurchase Agreement	\$0	\$1,102,969	\$1,102,969	\$1,102,969
Totals			\$1,102,969	\$1,102,969

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$1,408,855	\$0
Deposits with Fiscal Agent	(95,997)	0
Cash on Hand	(5,627)	0
Investments: Repurchase Agreement	(1,102,969)	1,102,969
Total GASB Statement 3	(\$204,262)	\$1,102,969

At June 30, 2000, the School District's internal service fund had a balance of \$95,997 with OME-RESA, a jointly governed organization (See Note 16). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OME-RESA Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid Eastern Regional Educational Service Agency Self-Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

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.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 6 - PROPERTY TAXES (Continued)

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.

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

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

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$61,127,090	77.2%	\$63,676,140	78.6%
Public Utility	13,411,710	17.0	12,775,580	15.8
Tangible Personal Property	4,601,530	5.8	4,534,890	5.6
Total Assessed Value	<u>\$79,140,330</u>	<u>100.00%</u>	<u>\$80,986,610</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.05		\$35.05	

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 6 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 is \$144,594 in the General Fund, \$24,299 in the Debt Service Fund, and \$2,963 in the Classroom Maintenance Special Revenue Fund. The amount available as an advance at June 30, 1999 was \$62,115 in the General Fund, \$12,211 in the Debt Service Fund, \$12,047 in the Permanent Improvement Fund, and \$1,489 in the Classroom Maintenance Special Revenue Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Special Revenue Funds:	
Athletics	\$827
Miscellaneous State	<u>43,372</u>
Total Special Revenue Funds	<u>44,199</u>
Capital Projects Funds:	
Emergency School Repairs	<u>125,337</u>
Enterprise Fund:	
State/ Federal Food Service Subsidy	<u>26,474</u>
Total Intergovernmental Receivables	<u><u>\$196,010</u></u>

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$505,204
Less Accumulated Depreciation	<u>(114,395)</u>
Net Fixed Assets	<u><u>\$390,809</u></u>

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

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$1,842,760	\$0	\$0	\$1,842,760
Buildings and Improvements	17,591,319	0	0	17,591,319
Furniture and Fixtures, and Machinery and Equipment	1,451,479	198,085	0	1,649,564
Vehicles	<u>1,001,668</u>	<u>0</u>	<u>0</u>	<u>1,001,668</u>
Total General Fixed Assets	<u><u>\$21,887,226</u></u>	<u><u>\$198,085</u></u>	<u><u>\$0</u></u>	<u><u>\$22,085,311</u></u>

NOTE 9 - RISK MANAGEMENT

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

Building and Contents-replacement cost (\$500 deductible)	\$30,323,300
Boiler and Machinery (\$1,000 deductible)	\$7,000,000
Automobile/Uninsured Motorists (\$250 deductible)	\$7,500,000
General Liability	
Per occurrence	\$2,000,000
Total per year	\$2,000,000

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.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17).

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 9 - RISK MANAGEMENT (Continued)

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

Prescription, vision and dental insurance is offered to employees through a self-insurance internal service fund. The School District is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool, consisting of fifty members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$10,861 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$22,457	\$262,071	\$265,973	\$18,555
2000	\$18,555	\$303,660	\$311,354	\$10,861

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Union Local 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.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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 \$50,614, \$73,763, and \$106,252, respectively; 26.32 percent has been contributed for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$37,292 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 Union Local 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 \$267,656, \$227,710, and \$423,666, respectively; 79.84 percent has been contributed for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$53,952 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 funded on a pay-as-you-go basis.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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 \$356,875 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$105,620.

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.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn five to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days 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 a maximum of 290 days for all certificated employees and 280 days for all non-classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 72 days for certificated employees and 70 days for non-classified employees.

B. Other Insurance

The School District contracts with local health management organizations, Health Plan of the Upper Ohio Valley, Health Assurance, and Medical Mutual of Ohio, for hospitalization and major medical insurance for all employees. The School District pays monthly premiums of up to \$662.60 for family coverage and up to \$254.49 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

C. Special Termination Benefit Payable

It has been agreed between the Union Local School District Board of Education and the Union Local Education Association that the Union Local School District Board of Education will provide a retirement incentive in the amount of a \$10,000 lump sum to any employee who is eligible for full retirement under any of Ohio's public employee retirement systems, provided the conditions stated in the agreement on file with the School District are met. During Fiscal Year 2000, the School District incurred \$60,000 in Early Retirement Incentives. \$10,000 was paid during Fiscal Year 2000 and the remaining \$50,000 will be paid during Fiscal Year 2001.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into a capitalized lease with the Carson Petroleum Company, Lansing, Ohio, for the purchase of underground fuel storage tanks. The 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.

The underground fuel storage tanks have been capitalized in the general fixed assets account group in the amount of \$19,400. 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.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

Principal payments in fiscal year 2000 totaled \$846 in the governmental funds. Future payment amounts vary based upon fuel purchases in each fiscal year until the balance is fully repaid.

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
General Obligation Bonds 1997 - Variable Interest	\$3,365,000	\$0	\$65,000	\$3,300,000
Capital Leases	7,931	0	846	7,085
Early Retirement Incentive	0	50,000	0	50,000
Pension Obligation	72,197	79,565	72,197	79,565
Compensated Absences	729,403	307,690	371,328	665,765
Total General Long-Term Obligations	<u>\$4,174,531</u>	<u>\$437,255</u>	<u>\$509,371</u>	<u>\$4,102,415</u>

Capital leases will be paid from the General Fund. Compensated absences, the early retirement incentive, and the pension obligation, which represents the contractually required pension contribution paid outside the available period, will be paid from the fund from which the employees' salaries are paid.

The general obligation bonds were issued in 1997 and represented the local share for the School District's construction of the new high school, new elementary school, and for middle school renovations. The general obligation bonds will be paid from the proceed of a 4.5 mill bond levy. In addition to these proceeds, the School District received \$15,262,035 in monies from the Ohio School Facilities Commission. Initially, repayment of the Ohio School Facilities Commission funds was to be made over a twenty-three year period from a half-mill levy. During 1998, the School District passed the necessary board resolution which enables the School District to retain the half-mill levy for the maintenance of the new buildings due to the District's assessed values being below the statewide median. As a result of the approval from the Ohio School Facilities Commission, the District has no obligation to repay the School Facilities loan, as long as, the District's assessed values remain below the median. Due to the District's current ranking of 554 and the median being 306, the likelihood of future repayment requirements are remote. However, in any year in which the District's assessed values rise above the median half of the levy proceeds would be paid to the State to retire the loan. Any unpaid balance at the end of 23 years will be forgiven.

The School District's overall legal debt margin was \$3,988,795 with an unvoted debt margin of \$80,987 at June 30, 2000. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$70,000	\$192,710	\$262,710
2002	80,000	189,145	269,145
2003	85,000	185,143	270,143
2004	90,000	180,810	270,810
2005	105,000	175,305	280,305
2006-2019	2,870,000	1,414,267	4,284,267
Total	<u>\$3,300,000</u>	<u>\$2,337,380</u>	<u>\$5,637,380</u>

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$147,292	\$0
Special Revenue Fund:		
Title I	0	8,281
Capital Projects Fund:		
Emergency School Building Repair	0	19,178
Enterprise Fund:		
Food Service	0	119,833
Total All Funds	<u>\$147,292</u>	<u>\$147,292</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Belmont-Harrison Vocational School - The Belmont-Harrison 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 seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2000, the School District made no contributions to the Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Alexis Petrilla, who serves as Treasurer, at Fox Shannon Road, St. Clairsville, Ohio 43950.

Ohio Mid Eastern Regional Educational Service Agency - The Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. OME-RESA provides financial accounting services, educational management information, and cooperative purchasing services to member districts. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to the Ohio Mid Eastern Regional Educational Service Agency, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

NOTE 17 - PUBLIC ENTITY POOLS

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

B. Claims Servicing Pool

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) Self-Insurance Plan, a claims servicing pool comprised of fifty members. Each participant is a member of the assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the OME-RESA's assembly. Each member pays a monthly premium based on their claims history and a monthly administration fee. All participating members retain their risk and the Plan acts as the claims servicing agent.

NOTE 18 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that 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 \$5,746,218 of school foundation support for its general fund.

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 18 - SCHOOL FUNDING COURT DECISION (Continued)

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$15,262,035 as a grant under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision. However, it found seven "...major areas warranting 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 19 - SET-ASIDE CALCULATIONS

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

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE 19 - SET-ASIDE CALCULATIONS (Continued)

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$97,721	\$0	\$0
Current Year Set-aside Requirement	56,975	170,924	170,924
Current Year Offsets	(45,054)	(206,365)	(123,569)
Qualifying Disbursements	0	(14,916)	(99,195)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0	(\$50,357)	(\$51,840)
Set-aside Reserve Balance as of June 30, 2000	<u>\$109,642</u>	<u>0</u>	<u>0</u>

The School District had qualifying disbursements and offsets 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 \$109,642

NOTE 20 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

NOTE 21 - SUBSEQUENT EVENT

Recent legislation eliminates any requirement to repay the money the School District has received from the Ohio School Facilities Program.

UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed-through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	10.550	NA		\$40,572		\$28,943
School Breakfast Program	10.553	046011-05-PU-00-99/00	\$20,953		\$20,953	
National School Lunch Program	10.555	046011-03/04-PU-00-99/00	151,006		151,006	
Total United States Department of Agriculture/Child Nutrition Cluster			171,959	40,572	171,959	28,943
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed-through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot	17.249	046011-WK-BE-99			4,960	
Total United States Department of Labor			0	0	4,960	0
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed-through the Ohio Department of Education:</i>						
Title I, Grants to Local Education Agencies	84.010	046011-C1-S1-99/00	416,447		426,066	
Title VI-B, Special Education - Grants to States	84.027	046011-6B-SF-99P/00P	105,192		101,815	
Title III - Goals 2000, Educate America Act	84.276	046011-G2-S2-99			528	
Innovative Education Program Strategies	84.298	046011-C2-S1-98/99/00	7,672		7,371	
Title VI of the ESEA, Class Size Reduction Grant	84.340	046011-CR-S1-00	31,791		29,691	
Total United States Department of Education			561,102		565,471	
Total Federal Awards Receipts and Expenditures			<u>\$733,061</u>	<u>\$40,572</u>	<u>\$742,390</u>	<u>\$28,943</u>

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

**UNION LOCAL SCHOOL DISTRICT
BELMONT 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 United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

Union Local School District
Belmont County
P.O. Box 300
Morristown, Ohio 43759

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Union Local School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-11007-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 4, 2000.

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

This report is intended for the information and use of the audit committee, 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

December 13, 2000



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

Union Local School District
Belmont County
P.O. Box 300
Morristown, Ohio 43759

To the Board of Education:

Compliance

We have audited the compliance of the Union Local School District, Belmont 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.

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

This report is intended for the information and use of the audit committee, management, 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

December 13, 2000

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance 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):	Title I - CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY

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

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

Noncompliance Compliance

FINDING NUMBER 2000-11007-001

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The Food Service Fund expenditures and encumbrances exceeded appropriations by \$55,696.

We recommend the School District develop internal control procedures to review budget versus actual statements to help ensure that expenditures and encumbrances do not exceed appropriations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315 (c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-11007-001	The School District will implement internal control procedures to ensure expenditures and encumbrances do not exceed appropriations.	6/30/01	Shawn Miller, Treasurer

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**UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1999-11007-001	Ohio Rev. Code Section 5705.39 states in part that total appropriations from each fund should not exceed total estimated revenue.	Yes	N/A
1999-11007-002	Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.	No	The School District partially corrected this situation.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

UNION LOCAL SCHOOL DISTRICT

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2001**