



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of Meigs Local School District, Meigs County, Ohio (the School District), as of and for the year ended June 30, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Meigs Local School District, Meigs County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2002, 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.

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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

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

Jim Petro
Auditor of State

October 29, 2002

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Meigs Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,917,341	\$595,359	\$287,375	\$11,898,698
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	0	178,156
Investments	0	0	0	6,581,052
<u>Receivables:</u>				
Taxes	2,672,850	65,365	629,678	62,289
Accounts	7,876	178	0	0
Intergovernmental	30,763	317,582	0	577,217
Accrued Interest	0	0	0	16,391
Interfund	20,867	0	0	0
Prepaid Items	69,744	0	0	22,571
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	75,360	525	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	174,154	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Construction in Progress	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Bond Retirement Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$4,968,955	\$979,009	\$917,053	\$19,336,374

<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>	
\$14,903	\$1,228,830	\$49,298	\$0	\$0	\$15,991,804
0	0	0	0	0	178,156
0	0	123,071	0	0	6,704,123
0	0	0	0	0	3,430,182
458	0	0	0	0	8,512
0	0	0	0	0	925,562
0	0	0	0	0	16,391
0	0	0	0	0	20,867
0	0	0	0	0	92,315
9,010	0	0	0	0	9,010
1,362	0	0	0	0	77,247
0	0	0	0	0	174,154
103,180	0	0	14,957,999	0	15,061,179
0	0	0	17,912,551	0	17,912,551
0	0	0	0	392,522	392,522
0	0	0	0	6,702,937	6,702,937
<u>\$128,913</u>	<u>\$1,228,830</u>	<u>\$172,369</u>	<u>\$32,870,550</u>	<u>\$7,095,459</u>	<u>\$67,697,512</u>

(continued)

Meigs Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$46,586	\$2,466	\$0	\$15,103
Contracts Payable	0	0	0	2,611,978
Accrued Wages and Benefits Payable	1,254,224	286,273	0	0
Compensated Absences Payable	9,939	2,571	0	0
Retainage Payable	0	0	0	514,230
Interfund Payable	0	20,867	0	0
Intergovernmental Payable	232,634	49,274	0	0
Deferred Revenue	2,119,444	299,040	524,531	639,501
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Special Termination Benefits Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>3,662,827</u>	<u>660,491</u>	<u>524,531</u>	<u>3,780,812</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficit)	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Encumbrances	9,285	23,715	0	13,979,140
Reserved for Inventory	75,360	525	0	0
Reserved for Unclaimed Monies	1,871	0	0	0
Reserved for School Bus Purchases	106,000	0	0	0
Reserved for Property Taxes	514,489	10,816	97,753	11,189
Reserved for Budget Stabilization	68,154	0	0	0
Unreserved, Designated for Future Deficits	147,802	0	0	0
Undesignated	383,167	283,462	294,769	1,565,233
Total Fund Equity and Other Credits	<u>1,306,128</u>	<u>318,518</u>	<u>392,522</u>	<u>15,555,562</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$4,968,955</u>	<u>\$979,009</u>	<u>\$917,053</u>	<u>\$19,336,374</u>

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>	
\$0	\$0	\$0	\$0	\$0	\$64,155
0	0	0	0	0	2,611,978
61,107	0	0	0	0	1,601,604
12,659	0	0	0	856,904	882,073
0	0	0	0	0	514,230
0	0	0	0	0	20,867
26,628	0	0	0	94,799	403,335
0	0	0	0	0	3,582,516
0	0	37,023	0	0	37,023
0	523,941	0	0	0	523,941
0	0	0	0	26,256	26,256
0	0	0	0	477,500	477,500
0	0	0	0	5,640,000	5,640,000
<u>100,394</u>	<u>523,941</u>	<u>37,023</u>	<u>0</u>	<u>7,095,459</u>	<u>16,385,478</u>
0	0	0	32,870,550	0	32,870,550
106,923	0	0	0	0	106,923
(78,404)	704,889	0	0	0	626,485
0	0	0	0	0	14,012,140
0	0	0	0	0	75,885
0	0	0	0	0	1,871
0	0	0	0	0	106,000
0	0	0	0	0	634,247
0	0	0	0	0	68,154
0	0	0	0	0	147,802
0	0	135,346	0	0	2,661,977
<u>28,519</u>	<u>704,889</u>	<u>135,346</u>	<u>32,870,550</u>	<u>0</u>	<u>51,312,034</u>
<u>\$128,913</u>	<u>\$1,228,830</u>	<u>\$172,369</u>	<u>\$32,870,550</u>	<u>\$7,095,459</u>	<u>\$67,697,512</u>

Meigs Local School District, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	Governmental	
	General	Special Revenue
<u>Revenues:</u>		
Taxes	\$2,180,178	\$52,877
Intergovernmental	11,622,808	2,420,477
Interest	120,112	0
Tuition and Fees	11,500	0
Extracurricular Activities	0	77,141
Miscellaneous	26,299	23,118
	<u>13,960,897</u>	<u>2,573,613</u>
<u>Expenditures:</u>		
Current:		
Instruction:		
Regular	5,543,602	769,414
Special	1,116,189	892,625
Vocational	950,424	132,534
Other	194,551	0
Support Services:		
Pupils	197,447	222,771
Instructional Staff	137,220	392,761
Board of Education	34,755	0
Administration	1,814,475	125,398
Fiscal	337,950	2,182
Operation and Maintenance of Plant	1,312,081	182
Pupil Transportation	1,195,349	931
Central	0	3,909
Non-Instructional Services	40,343	0
Extracurricular Activities	160,232	70,408
Capital Outlay	14,289	5,000
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
	<u>13,048,907</u>	<u>2,618,115</u>
Excess of Revenues Over (Under) Expenditures	<u>911,990</u>	<u>(44,502)</u>
<u>Other Financing Sources (Uses):</u>		
Proceeds from Sale of Fixed Assets	1,500	0
Operating Transfers In	0	16,386
Operating Transfers Out	(16,386)	0
	<u>(14,886)</u>	<u>16,386</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>897,104</u>	<u>(28,116)</u>
Fund Balances at Beginning of Year	405,061	346,499
Increase in Reserve for Inventory	3,963	135
Fund Balances at End of Year	<u>\$1,306,128</u>	<u>\$318,518</u>

See accompanying notes to the general purpose financial statements

Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$539,129	\$52,572	\$0	\$2,824,756
51,408	21,433,428	0	35,528,121
0	614,497	1,548	736,157
0	0	0	11,500
0	0	0	77,141
0	1,360	0	50,777
<u>590,537</u>	<u>22,101,857</u>	<u>1,548</u>	<u>39,228,452</u>
0	18,956	0	6,331,972
0	0	0	2,008,814
0	0	0	1,082,958
0	0	0	194,551
0	0	0	420,218
0	24,672	0	554,653
0	0	0	34,755
0	0	0	1,939,873
17,714	2,239	0	360,085
0	0	0	1,312,263
0	78,514	0	1,274,794
0	0	0	3,909
0	0	0	40,343
0	40,802	0	271,442
0	15,507,467	0	15,526,756
135,000	0	0	135,000
<u>350,070</u>	<u>0</u>	<u>0</u>	<u>350,070</u>
<u>502,784</u>	<u>15,672,650</u>	<u>0</u>	<u>31,842,456</u>
<u>87,753</u>	<u>6,429,207</u>	<u>1,548</u>	<u>7,385,996</u>
0	15,297	0	16,797
0	0	0	16,386
0	0	0	(16,386)
<u>0</u>	<u>15,297</u>	<u>0</u>	<u>16,797</u>
87,753	6,444,504	1,548	7,402,793
304,769	9,111,058	133,798	10,301,185
0	0	0	4,098
<u>\$392,522</u>	<u>\$15,555,562</u>	<u>\$135,346</u>	<u>\$17,708,076</u>

Meigs Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,192,462	\$2,225,684	\$33,222
Intergovernmental	11,567,429	11,622,328	54,899
Interest	100,000	120,302	20,302
Tuition and Fees	5,000	11,500	6,500
Extracurricular Activities	0	0	0
Miscellaneous	9,200	15,583	6,383
Total Revenues	13,874,091	13,995,397	121,306
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	5,506,081	5,490,834	15,247
Special	1,169,790	1,162,640	7,150
Vocational	977,966	972,255	5,711
Other	220,850	214,950	5,900
Support Services:			
Pupils	228,284	191,805	36,479
Instructional Staff	163,079	137,597	25,482
Board of Education	47,750	44,313	3,437
Administration	1,845,526	1,813,334	32,192
Fiscal	356,476	339,969	16,507
Operation and Maintenance of Plant	1,444,187	1,306,556	137,631
Pupil Transportation	1,247,472	1,213,026	34,446
Central	0	0	0
Non-Instructional Services	40,615	38,955	1,660
Extracurricular Activities	178,020	158,845	19,175
Capital Outlay	20,550	17,650	2,900
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	13,446,646	13,102,729	343,917
Excess of Revenues Over (Under) Expenditures	427,445	892,668	465,223
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	31,500	32,723	1,223
Proceeds from Sale of Fixed Assets	1,000	1,500	500
Advances In	1,257	1,257	0
Advances Out	(20,000)	(19,598)	402
Operating Transfers In	0	0	0
Operating Transfers Out	(17,500)	(16,386)	1,114
Other Financing Sources	0	0	0
Total Other Financing Sources (Uses)	(3,743)	(504)	3,239
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	423,702	892,164	468,462
Fund Balances at Beginning of Year	921,586	921,586	0
Prior Year Encumbrances Appropriated	244,162	244,162	0
Fund Balances at End of Year	\$1,589,450	\$2,057,912	\$468,462

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$57,289	\$55,554	(\$1,735)	\$541,476	\$552,267	\$10,791
2,624,495	2,348,866	(275,629)	48,945	51,408	2,463
0	0	0	0	0	0
0	0	0	0	0	0
92,050	77,141	(14,909)	0	0	0
16,682	17,105	423	0	0	0
<u>2,790,516</u>	<u>2,498,666</u>	<u>(291,850)</u>	<u>590,421</u>	<u>603,675</u>	<u>13,254</u>
861,543	767,659	93,884	0	0	0
1,281,895	905,089	376,806	0	0	0
136,124	136,124	0	0	0	0
0	0	0	0	0	0
284,260	216,690	67,570	0	0	0
411,741	385,038	26,703	0	0	0
0	0	0	0	0	0
174,169	128,459	45,710	0	0	0
2,499	2,182	317	20,000	17,714	2,286
463	182	281	0	0	0
3,116	2,421	695	0	0	0
4,714	4,038	676	0	0	0
0	0	0	0	0	0
128,374	73,982	54,392	0	0	0
5,000	5,000	0	0	0	0
0	0	0	135,000	135,000	0
0	0	0	350,070	350,070	0
<u>3,293,898</u>	<u>2,626,864</u>	<u>667,034</u>	<u>505,070</u>	<u>502,784</u>	<u>2,286</u>
<u>(503,382)</u>	<u>(128,198)</u>	<u>375,184</u>	<u>85,351</u>	<u>100,891</u>	<u>15,540</u>
0	0	0	0	0	0
0	0	0	0	0	0
19,598	19,598	0	0	0	0
(1,257)	(1,257)	0	0	0	0
15,405	16,386	981	0	0	0
0	0	0	0	0	0
5,835	5,835	0	0	0	0
<u>39,581</u>	<u>40,562</u>	<u>981</u>	<u>0</u>	<u>0</u>	<u>0</u>
(463,801)	(87,636)	376,165	85,351	100,891	15,540
632,149	632,149	0	186,484	186,484	0
25,600	25,600	0	0	0	0
<u>\$193,948</u>	<u>\$570,113</u>	<u>\$376,165</u>	<u>\$271,835</u>	<u>\$287,375</u>	<u>\$15,540</u>

(continued)

Meigs Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Fund (Continued)
 For the Fiscal Year Ended June 30, 2002

	<u>Capital Projects Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes	\$57,361	\$55,749	(\$1,612)
Intergovernmental	21,302,748	21,449,564	146,816
Interest	605,000	614,151	9,151
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	1,249	1,422	173
Total Revenues	<u>21,966,358</u>	<u>22,120,886</u>	<u>154,528</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	99,250	18,956	80,294
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	24,672	24,672	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	3,600	2,239	1,361
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	97,821	79,718	18,103
Non-Instructional Services	0	0	0
Extracurricular Activities	41,000	40,802	198
Capital Outlay	30,142,699	29,846,034	296,665
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>30,409,042</u>	<u>30,012,421</u>	<u>396,621</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,442,684)</u>	<u>(7,891,535)</u>	<u>551,149</u>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	0	0	0
Proceeds from Sale of Fixed Assets	4,001	15,297	11,296
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Other Financing Sources	0	0	0
Total Other Financing Sources (Uses)	<u>4,001</u>	<u>15,297</u>	<u>11,296</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(8,438,683)</u>	<u>(7,876,238)</u>	<u>562,445</u>
Fund Balances at Beginning of Year	2,142,957	2,142,957	0
Prior Year Encumbrances Appropriated	7,284,502	7,284,502	0
Fund Balances at End of Year	<u>\$988,776</u>	<u>\$1,551,221</u>	<u>\$562,445</u>

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,848,588	\$2,889,254	\$40,666
0	0	0	35,543,617	35,472,166	(71,451)
3,000	1,548	(1,452)	708,000	736,001	28,001
0	0	0	5,000	11,500	6,500
0	0	0	92,050	77,141	(14,909)
0	0	0	27,131	34,110	6,979
<u>3,000</u>	<u>1,548</u>	<u>(1,452)</u>	<u>39,224,386</u>	<u>39,220,172</u>	<u>(4,214)</u>
0	0	0	6,466,874	6,277,449	189,425
0	0	0	2,451,685	2,067,729	383,956
0	0	0	1,114,090	1,108,379	5,711
0	0	0	220,850	214,950	5,900
0	0	0	512,544	408,495	104,049
0	0	0	599,492	547,307	52,185
0	0	0	47,750	44,313	3,437
0	0	0	2,019,695	1,941,793	77,902
0	0	0	382,575	362,104	20,471
0	0	0	1,444,650	1,306,738	137,912
0	0	0	1,250,588	1,215,447	35,141
0	0	0	102,535	83,756	18,779
0	0	0	40,615	38,955	1,660
0	0	0	347,394	273,629	73,765
0	0	0	30,168,249	29,868,684	299,565
0	0	0	135,000	135,000	0
0	0	0	350,070	350,070	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>47,654,656</u>	<u>46,244,798</u>	<u>1,409,858</u>
<u>3,000</u>	<u>1,548</u>	<u>(1,452)</u>	<u>(8,430,270)</u>	<u>(7,024,626)</u>	<u>1,405,644</u>
0	0	0	31,500	32,723	1,223
0	0	0	5,001	16,797	11,796
0	0	0	20,855	20,855	0
0	0	0	(21,257)	(20,855)	402
0	0	0	15,405	16,386	981
0	0	0	(17,500)	(16,386)	1,114
0	0	0	5,835	5,835	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>39,839</u>	<u>55,355</u>	<u>15,516</u>
3,000	1,548	(1,452)	(8,390,431)	(6,969,271)	1,421,160
133,798	133,798	0	4,016,974	4,016,974	0
0	0	0	7,554,264	7,554,264	0
<u>\$136,798</u>	<u>\$135,346</u>	<u>(\$1,452)</u>	<u>\$3,180,807</u>	<u>\$4,601,967</u>	<u>\$1,421,160</u>

Meigs Local School District, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Retained Earnings
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$303,498	\$0	\$303,498
Charges for Services	0	2,719,830	2,719,830
Other	188	0	188
Total Operating Revenues	303,686	2,719,830	3,023,516
<u>Operating Expenses:</u>			
Salaries	246,206	0	246,206
Fringe Benefits	210,889	0	210,889
Purchased Services	15,263	332,993	348,256
Materials and Supplies	36,222	0	36,222
Cost of Sales	352,814	0	352,814
Depreciation	5,116	0	5,116
Claims	0	2,826,810	2,826,810
Other	2,100	0	2,100
Total Operating Expenses	868,610	3,159,803	4,028,413
Operating Loss	(564,924)	(439,973)	(1,004,897)
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	54,887	0	54,887
Operating Grants	518,325	0	518,325
Interest	92	0	92
Loss on Disposal of Fixed Assets	(819)	0	(819)
Total Non-Operating Revenues (Expenses)	572,485	0	572,485
Net Income (Loss)	7,561	(439,973)	(432,412)
<u>Retained Earnings (Deficit)</u>			
at Beginning of Year - Restated (Note 3)	(85,965)	1,144,862	1,058,897
Retained Earnings (Deficit) at End of Year	(\$78,404)	\$704,889	\$626,485

See accompanying notes to the general purpose financial statements

Meigs Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$300,775	\$301,466	\$691
Charges for Services	2,250	2,368	118
Operating Grants	518,000	518,325	325
Refund of Prior Year Expense	0	188	188
Interest	0	92	92
Total Revenues	821,025	822,439	1,414
<u>Expenses:</u>			
Salaries	245,489	245,002	487
Fringe Benefits	213,143	212,703	440
Purchased Services	15,350	15,263	87
Materials and Supplies	332,937	332,192	745
Capital Outlay	2,088	2,061	27
Other	2,100	2,100	0
Total Expenses	811,107	809,321	1,786
Excess of Revenues Over (Under) Expenses	9,918	13,118	3,200
Fund Equity at Beginning of Year	1,785	1,785	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	\$11,703	\$14,903	\$3,200

(continued)

Meigs Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types (Continued)
 For the Fiscal Year Ended June 30, 2002

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Charges for Services	2,720,000	2,719,830	(170)
Operating Grants	0	0	0
Refund of Prior Year Expense	0	0	0
Interest	0	0	0
Total Revenues	<u>2,720,000</u>	<u>2,719,830</u>	<u>(170)</u>
<u>Expenses:</u>			
Salaries	0	0	0
Fringe Benefits	2,611,952	2,587,251	24,701
Purchased Services	338,480	335,052	3,428
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	0	0	0
Total Expenses	<u>2,950,432</u>	<u>2,922,303</u>	<u>28,129</u>
Excess of Revenues Over (Under) Expenses	(230,432)	(202,473)	27,959
Fund Equity at Beginning of Year	1,388,812	1,388,812	0
Prior Year Encumbrances Appropriated	<u>40,432</u>	<u>40,432</u>	<u>0</u>
Fund Equity at End of Year	<u>\$1,198,812</u>	<u>\$1,226,771</u>	<u>\$27,959</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$300,775	\$301,466	\$691
2,722,250	2,722,198	(52)
518,000	518,325	325
0	188	188
0	92	92
<u>3,541,025</u>	<u>3,542,269</u>	<u>1,244</u>
245,489	245,002	487
2,825,095	2,799,954	25,141
353,830	350,315	3,515
332,937	332,192	745
2,088	2,061	27
2,100	2,100	0
<u>3,761,539</u>	<u>3,731,624</u>	<u>29,915</u>
(220,514)	(189,355)	31,159
1,390,597	1,390,597	0
<u>40,432</u>	<u>40,432</u>	<u>0</u>
<u>\$1,210,515</u>	<u>\$1,241,674</u>	<u>\$31,159</u>

Meigs Local School District, Ohio
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$303,834	\$0	\$303,834
Cash Received from Quasi-External Transactions with Other Funds	0	2,719,830	2,719,830
Cash Payments to Suppliers for Goods and Services	(347,455)	(332,993)	(680,448)
Cash Payments for Employee Services	(245,002)	0	(245,002)
Cash Payments for Employee Benefits	(212,703)	0	(212,703)
Cash Payments for Claims	0	(2,587,251)	(2,587,251)
Cash Payments from Other Revenues	188	0	188
Cash Payments for Other Expenses	(2,100)	0	(2,100)
Net Cash Used for Operating Activities	<u>(503,238)</u>	<u>(200,414)</u>	<u>(703,652)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	518,325	0	518,325
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(2,061)	0	(2,061)
<u>Cash Flows from Investing Activities:</u>			
Interest Income	92	0	92
Net Increase (Decrease) in Cash and Cash Equivalents	13,118	(200,414)	(187,296)
Cash and Cash Equivalents at Beginning of Year	1,785	1,429,244	1,431,029
Cash and Cash Equivalents at End of Year	<u>\$14,903</u>	<u>\$1,228,830</u>	<u>\$1,243,733</u>
Reconciliation of Operating Loss to Net			
<u>Cash Used for Operating Activities:</u>			
Operating Loss	(\$564,924)	(\$439,973)	(\$1,004,897)
Adjustments to Reconcile Operating Loss to			
<u>Net Cash Used for Operating Activities:</u>			
Depreciation	5,116	0	5,116
Donated Commodities Used During Year	57,498	0	57,498
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	336	0	336
Increase in Inventory Held for Resale	(36)	0	(36)
Increase in Materials and Supplies Inventory	(618)	0	(618)
Decrease in Accrued Wages and Benefits Payable	(4,199)	0	(4,199)
Increase in Compensated Absences Payable	1,116	0	1,116
Increase in Intergovernmental Payable	2,473	0	2,473
Increase in Claims Payable	0	239,559	239,559
Total Adjustments	<u>61,686</u>	<u>239,559</u>	<u>301,245</u>
Net Cash Used for Operating Activities	<u>(\$503,238)</u>	<u>(\$200,414)</u>	<u>(\$703,652)</u>

Non-Cash Transactions: During fiscal year 2002, the School District received \$54,887 in donated commodities.

See accompanying notes to the general purpose financial statements

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the School District's nine instructional/support facilities staffed by 95 classified, 185 certificated full time teaching personnel, and 7 administrators who provide services to 2,243 students and other community members.

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

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

The School District participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. These organizations are discussed in Note 18 to the general purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A. Basis of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

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

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

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

B. Measurement Focus and Basis of Accounting

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

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

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

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received with sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 governmental funds.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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 fiscal 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 Investments

To improve cash management, cash received by the School District is pooled, except for investments for the classroom facilities project in the Capital Projects Fund. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

The School District utilizes a financial institution to retain amounts payable to contractors of the school facilities project. The balances in these accounts are presented on the combined balance sheet as "cash and cash equivalents with fiscal and escrow agents".

During fiscal year 2002, investments were limited to STAROhio and common stock, which are reported at fair value based on quoted market prices, and certificates of deposit, which are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

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 2002 amounted to \$120,112, which includes \$109,240 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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 is reported in the fiscal year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

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

H. Interfund Assets/Liabilities

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

I. 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.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after fiscal year end are considered not to have been paid with current available financial resources. Long-term loans, bonds, and special termination benefits are recognized as a liability of the general long-term obligations account group until due.

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

K. 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.

L. Fund Balance Reserves and Fund Designations

The School District records reservations for 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. Designations represent tentative plans for future use of financial resources. 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, unclaimed monies, school bus purchases, property taxes, and budget stabilization.

Meigs Local School District
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For the Fiscal Year Ended June 30, 2002

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 unspent workers' compensation money.

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

M. Contributed Capital

Contributed capital represents resources from other funds to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end. Future contributions of capital will be recorded as increases to retained earnings.

N. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 3 - Restatement of Prior Year Retained Earnings

In the previous year, deferred revenue in the enterprise funds was overstated by \$7,729. Retained earnings as previously reported was (\$93,694) and was restated at (\$85,965).

Note 4 - Fund Deficits

The following funds had deficit fund balances/retained earnings at June 30, 2002:

	<u>Deficit Fund Balances/ Retained Earnings</u>
<u>Special Revenue Funds:</u>	
Disadvantaged Pupil Impact Aid	\$158,285
Carl Perkins	17,037
<u>Enterprise Fund:</u>	
Food Service	79,322

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

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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).

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 Similar Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$897,104	(\$28,116)	\$87,753	\$6,444,504	\$1,548
Revenue Accruals	67,413	(69,112)	13,138	19,029	0
Expenditure Accruals	(56,518)	16,538	0	2,748,493	0
Unreported Cash	(190)	0	0	0	0
Prepaid Items	36,110	(41)	0	17,205	0
Advances In	1,257	19,598	0	0	0
Advances Out	(19,598)	(1,257)	0	0	0
Encumbrances	(33,414)	(25,246)	0	(17,105,469)	0
Budget Basis	<u>\$892,164</u>	<u>(\$87,636)</u>	<u>\$100,891</u>	<u>(\$7,876,238)</u>	<u>\$1,548</u>

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

	Enterprise	Internal Service
GAAP Basis	\$7,561	(\$439,973)
Revenue Accruals	336	0
Expense Accruals	(714)	239,559
Loss on Disposal of Fixed Assets	819	0
Depreciation Expense	5,116	0
Encumbrances	0	(2,059)
Budget Basis	<u>\$13,118</u>	<u>(\$202,473)</u>

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$10,920,379 and the bank balance was \$11,432,210. Of the bank balance:

1. \$278,156 was covered by federal depository insurance; and
2. \$11,154,054 was collateralized with securities held by the pledging financial institution's trust department in the School District's name.

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

	Category 1	Fair Value
Common Stock	\$123,071	\$123,071
STAROhio		12,004,787
Total		\$12,127,858

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$16,344,114	\$6,704,123
Investments:		
Certificates of Deposit	6,581,052	(6,581,052)
STAROhio	(12,004,787)	12,004,787
GASB Statement 3	\$10,920,379	\$12,127,858

Note 7 - Property Taxes

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

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 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, 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. 2001 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The assessed values upon which fiscal year 2002 taxes were collected in Meigs County are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$83,912,010	68%	\$94,483,840	72%
Tangible Personal Property	24,585,810	20%	23,680,400	18%
Public Utility Personal	15,064,900	12%	12,481,080	10%
	\$123,562,720	100%	\$130,645,320	100%
Tax Rate per \$1,000 of assessed valuation		\$25.00		\$24.85

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 School District receives property taxes from Meigs County. The Meigs County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. 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 fiscal year operations. Also intended to finance current fiscal year operations is the June personal property tax settlement that was not received until July, 2002, in the amount of \$38,917 in the General Fund, \$973 in the Classroom Facilities Special Revenue Fund, \$7,394 in the Bond Retirement Fund, and \$1,070 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2002, was \$634,247 and is recognized as revenue. \$514,489 was available to the General Fund, \$10,816 was available in the Classroom Facilities Special Revenue Fund, \$97,753 was available in the Bond Retirement Fund, and \$11,189 was available to the Permanent Improvement Capital Projects Fund.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 8 - Receivables

Receivables at June 30, 2002, consisted of taxes, accounts (rent and tuition), interfund, accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Reimbursement for Services	\$30,665
Miscellaneous	98
Total General Fund	<u>30,763</u>
 Special Revenue Funds:	
Title VIB	50,654
Eisenhower	2,177
Title VI	6,341
Title I	195,071
Safe and Drug Free Schools Grant	536
Title VIR	<u>62,803</u>
Total Special Revenue Funds	<u>317,582</u>
School Facilities Capital Project Fund	<u>577,217</u>
Total Intergovernmental Receivables	<u><u>\$925,562</u></u>

On November 20, 1999, the School District was awarded \$26,856,763 for the construction of a new elementary and middle school and improvements to its high school facilities under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Historically, the School District was required to repay the amount of the State award, if the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil, by levying an additional property tax of one-half mill for a twenty-three period. However, since the School District's adjusted valuation per pupil had been less than the state-wide median, in lieu of the repayment, the School District set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. Legislation effective September 15, 2000, eliminates any possibility that money received by the School District under this program will need to be repaid. As of the end of fiscal year 2002, the School District had received \$26,279,546 of the amount awarded under this program. The remaining amount of \$577,217 is recorded as a receivable and deferred revenue on the balance sheet.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 9 - Fixed Assets

A summary of the enterprise fund's fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$407,351
Less Accumulated Depreciation	<u>(304,171)</u>
Net Fixed Assets	<u><u>\$103,180</u></u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<u>Asset Category</u>	<u>Balance at 6/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/02</u>
Land and Improvements	\$707,960	\$0	\$0	\$707,960
Buildings and Improvements	7,396,506	27,492	107,027	7,316,971
Furniture, Fixtures and Equipment	3,548,222	284,276	39,501	3,792,997
Textbooks	1,187,172	158,904	0	1,346,076
Vehicles	1,835,267	172,248	213,520	1,793,995
Construction in Progress	<u>2,452,542</u>	<u>15,460,009</u>	<u>0</u>	<u>17,912,551</u>
Totals	<u><u>\$17,127,669</u></u>	<u><u>\$16,102,929</u></u>	<u><u>\$360,048</u></u>	<u><u>\$32,870,550</u></u>

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2002, the School District contracted with Indiana Insurance for property and general liability insurance. There is a \$2,500 deductible with a one hundred percent blanket, all risk policy.

Professional liability is protected by The Great American Alliance Insurance Company with a \$2,000,000 single occurrence limit and \$5,000,000 aggregate and holds a \$5,000 deductible. Vehicles are covered by Indiana Insurance and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

C. Employee Medical Benefits

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The fund is responsible for \$100,000 in claims per individual per year. After that, stop-loss covers up to a lifetime maximum of \$1,000,000 per covered classified person and \$2,500,000 per covered certified and exempt person. The School District had two occurrences in which settled claims exceeded coverage by the fund on an individual level in fiscal year 2002. Settled claims did not exceed coverage provided by the fund in the aggregate for the past three fiscal years.

The claims liability of \$523,941 reported in the internal service fund at June 30, 2002, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. 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
2001	\$294,742	\$2,235,108	\$2,245,468	\$284,382
2002	284,382	2,826,810	2,587,251	523,941

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic 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 43215-3771.

Meigs Local School District
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For the Fiscal Year Ended June 30, 2002

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 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, 2002, 2001, and 2000, were \$701,578, \$400,852, and \$405,233, respectively; 86.17 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$97,015, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$120,201, \$61,464, and \$79,052 respectively; 52.45 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$57,161, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 12 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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.

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 cost 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, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$332,326 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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 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, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. 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 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$203,151.

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 annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 13 - Other Employee Benefits

A. *Compensated Absences*

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. All employees may accumulate an unlimited amount of sick days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days.

B. *Insurance Benefits*

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Hartford Life Insurance Company. Coverage in the amount of \$20,000 is provided for all full-time classified employees and \$40,000 to all full-time certified and exempt employees.

Note 14 - Contractual Commitments

As of June 30, 2002, the School District had contractual commitments for school building renovations and construction with various vendors in the amount of \$31,724,599. As of June 30, 2002, the School District paid \$17,897,448 on the project and the remaining balance on the contracts is \$13,827,151.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2002, were as follows:

	<u>Principal Outstanding 6/30/01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/02</u>
Energy Conservation Notes 4.35 - 6.00%	\$552,500	\$0	\$75,000	\$477,500
Classroom Facilities Bonds - 4.35 - 5.7%	5,700,000	0	60,000	5,640,000
Special Termination Benefits	0	26,256	0	26,256
Compensated Absences	753,306	162,512	58,914	856,904
Pension Obligation	96,389	94,799	96,389	94,799
Total General Long-Term Obligations	<u>\$7,102,195</u>	<u>\$283,567</u>	<u>\$290,303</u>	<u>\$7,095,459</u>

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Classroom Facilities General Obligation Bonds - In May, 2000, Meigs Local School District issued \$5,726,000 in voted general obligation bonds for constructing a new elementary and middle school and improvements to its high school facilities. The bonds were issued for a 23 year period with final maturity on December 1, 2022. The bonds will be retired from the Debt Service Fund.

Energy Conservation Notes – The School District issued a note for \$123,800 on September 15, 1992, a note for \$418,200 on September 1, 1994, and a note for \$462,500 on August 15, 1998, for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The \$123,800 and \$418,200 notes were issued for a ten year periods with final maturity during fiscal year 2003 and 2005. The \$462,500 note was issued for a fifteen year period with final maturity during fiscal year 2014.

The School District offers a bonus as a special termination benefit to any employee that retires in their first year of eligibility. An additional forty days of severance is paid to the retiree in a lump sum in January of the school year following retirement.

The energy conservation notes will be paid with operating tax levy monies from the General Fund placed directly in the Bond Retirement Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$6,510,601, with an unvoted debt margin of \$130,645 at June 30, 2002.

Principal and interest requirements to retire energy conservation notes outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$75,000	\$22,787	\$97,787
2004	70,000	19,287	89,287
2005	35,000	16,695	51,695
2006	30,000	14,973	44,973
2007	30,000	13,383	43,383
2008-2012	160,000	42,800	202,800
2013-2014	77,500	4,042	81,542
Total	\$477,500	\$133,967	\$611,467

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Principal and interest requirements to retire bonds outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2003	\$60,000	\$320,857	\$380,857
2004	15,000	319,072	334,072
2005	20,000	318,222	338,222
2006	20,000	317,237	337,237
2007	20,000	316,242	336,242
2008-2012	1,210,000	1,425,940	2,635,940
2013-2017	1,625,000	1,010,744	2,635,744
2018-2022	2,155,000	468,235	2,623,235
2023	515,000	14,678	529,678
Total	<u>\$5,640,000</u>	<u>\$4,511,227</u>	<u>\$10,151,227</u>

Note 16- Interfund Transactions

As of June 30, 2002, the General Fund has an interfund receivable in the amount of \$20,867. The Athletic and Music, Carl Perkins, and Title VI-R Special Revenue Funds have interfund payables of \$1,269, \$18,012, and \$1,586, respectively.

Note 17 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$287,289	\$16,397	\$303,686
Depreciation Expense	5,116	0	5,116
Operating Loss	(564,057)	(867)	(564,924)
Donated Commodities	54,887	0	54,887
Operating Grants	518,325	0	518,325
Interest Income	92	0	92
Loss on Disposal of Fixed Assets	(819)	0	(819)
Net Income (Loss)	8,428	(867)	7,561
Fixed Asset Additions	2,061	0	2,061
Fixed Asset Deletions	(8,188)	0	(8,188)
Net Working Capital	(44,847)	918	(43,929)
Long-Term Compensated Absences	12,659	0	12,659
Long-Term Pension Obligation	18,073	0	18,073
Total Assets	127,995	918	128,913
Total Equity	27,601	918	28,519

Note 18 - Jointly Governed Organization and Insurance Purchasing Pool

A. Jointly Governed Organizations

Southeastern Ohio Voluntary Education Cooperative (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2002, the Meigs Local School District paid \$15,104 to SEOVEC. To obtain financial information write to the Southeastern Ohio Voluntary Education Cooperative, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. During fiscal year 2002, the Meigs Local School District paid \$300 to the Coalition.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

B. Insurance Purchasing Pool

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

Note 19 - 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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior years, the School District was also required to set-aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

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.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside reserve balance as of June 30, 2001	(\$130,695)	\$0	\$68,154
Current year set-aside requirement	229,754	229,754	0
Offsets	0	(61,834)	
Qualifying Disbursements	<u>(395,282)</u>	<u>(12,934,536)</u>	<u>0</u>
Totals	<u>(\$296,223)</u>	<u>(\$12,766,616)</u>	<u>\$68,154</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$296,223)</u>	<u>\$0</u>	<u>\$68,154</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$68,154</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years.

Meigs Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 20 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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, 2002.

B. Litigation

The School District is not currently party to legal proceedings.

Note 21 - State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$0	\$54,887	\$0	\$57,498
National School Breakfast Program	10.553	05-PU-01	20,777	0	20,777	0
		05-PU-02	105,457	0	105,457	0
Total National School Breakfast Program			<u>126,234</u>	<u>0</u>	<u>126,234</u>	<u>0</u>
National School Lunch Program	10.555	LL-P4-01	46,914	0	46,914	0
		LL-P4-02	301,990	0	301,990	0
Total National School Lunch Program			<u>348,904</u>	<u>0</u>	<u>348,904</u>	<u>0</u>
Total Nutrition Cluster			<u>475,138</u>	<u>54,887</u>	<u>475,138</u>	<u>57,498</u>
Total United States Department of Agriculture			<u>475,138</u>	<u>54,887</u>	<u>475,138</u>	<u>57,498</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-S1-01	48,038	0	209,841	0
		C1-S1-01C	99,066	0	99,066	0
		C1-S1-02	630,214	0	476,782	0
Total Title I Grants to Local Educational Agencies			<u>777,318</u>	<u>0</u>	<u>785,689</u>	<u>0</u>
Special Education - Grants to States	84.027	6B-SF-01P	21,911	0	81,627	0
		6B-SF-02P	196,856	0	145,499	0
Total Special Education - Grants to States			<u>218,767</u>	<u>0</u>	<u>227,126</u>	<u>0</u>
Vocational Education Basic Grants to States	84.048	20-C1-01	36,024	0	36,024	0
		20-C1-02	66,044	0	82,930	0
Total Vocational Education Basic Grants to States			<u>102,068</u>	<u>0</u>	<u>118,954</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-00	0	0	327	0
		DR-S1-01	0	0	585	0
		DR-S1-02	8,882	0	8,250	0
Total Safe and Drug-Free Schools and Communities - State Grants			<u>8,882</u>	<u>0</u>	<u>9,162</u>	<u>0</u>
Goals 2000 - State and Local Education Systemic Improvements Grants	84.276	G2-S2-00	0	0	20,290	0
		G2-S2-01	0	0	5,656	0
Total Goals 2000 - State and Local Education Systemic Improvements Grants			<u>0</u>	<u>0</u>	<u>25,946</u>	<u>0</u>
Eisenhower Professional Development - State Grants	84.281	MS-S1-00	1,937	0	12,259	0
		MS-S1-01	0	0	13,166	0
		MS-S1-02	20,697	0	2,356	0
Total Eisenhower Professional Development - State Grants			<u>22,634</u>	<u>0</u>	<u>27,781</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2-S1-00	1,629	0	9,755	0
		C2-S1-01	8,099	0	10,774	0
		C2-S1-02	9,547	0	4,781	0
Total Innovative Education Program Strategies			<u>19,275</u>	<u>0</u>	<u>25,310</u>	<u>0</u>
Class Size Reduction	84.340	CR-S1-00	0	0	4,221	0
		CR-S1-01	8,078	0	37,725	0
		CR-S1-02	86,804	0	88,390	0
Total Class Size Reduction			<u>94,882</u>	<u>0</u>	<u>130,336</u>	<u>0</u>
School Renovation, IDEA and Technology	84.352A	AT-S1-02	8,180	0	3,369	0
<i>Passed through Washington State Community College</i>						
Tech Prep Education	84.243		11,742	0	11,742	0
Total United States Department of Education			<u>1,263,748</u>	<u>0</u>	<u>1,365,415</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,738,886</u>	<u>\$54,887</u>	<u>\$1,840,553</u>	<u>\$57,498</u>

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. As of June 30, 2002, the School District had no significant food commodities in inventory.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Meigs Local School District School District, Meigs County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated October 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated October 29, 2002.

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.

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

This report is intended for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

October 29, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Meigs Local School District, Meigs 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, 2002. 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 auditing standards generally accepted in the United States of America; 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, 2002.

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.

Meigs Local School District
Meigs County
Report of Independent Accountants on Compliance with
Requirements Applicable to Each Major Federal Program and
Internal Control Over Compliance in Accordance with OMB Circular A-133
Page 2

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

This report is intended for the information and use of the 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.

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

Jim Petro
Auditor of State

October 29, 2002

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #10.553, 10.555, 10.556 Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

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

There are no findings related to the financial statements required to be reported in accordance with GAGAS.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MEIGS LOCAL SCHOOL DISTRICT

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 26, 2002**