

Dawson Bryant Local School District

Lawrence County

Single Audit

July 1, 1998 Through June 30, 1999

Fiscal Year Audited Under GAGAS: 1999

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Lawrence County

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MICHAEL A. BALESTRA, CPA, INC.
CERTIFIED PUBLIC ACCOUNTANTS
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PIKETON, OHIO 45661

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

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Members of the Board
Dawson- Bryant Local School District
423 Marion Pike
Coal Grove, Ohio 45638

We have reviewed the Independent Auditor's Report of the Dawson-Bryant Local School District, Lawrence County, prepared by Michael A. Balestra, CPA, Inc., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Dawson-Bryant Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

January 4, 2000

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Independent Auditors' Report

Members of the Board
Dawson-Bryant Local School District
423 Marion Pike
Cole Grove, Ohio 45638

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Dawson-Bryant Local School District, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 1999 on our consideration of the Dawson-Bryant Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

As described in Note 3 to the general-purpose financial statements, the District implemented Governmental Accounting Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.
December 10, 1999

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$820,166	\$1,055,883	\$220,369	\$1,387,371
Receivables:				
Taxes	760,859	0	237,240	21,965
Accounts	4,320	352	0	0
Intergovernmental	489	0	0	0
Accrued Interest	23,587	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	2,799	0	0	0
Prepaid Items	13,816	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	95,969	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$1,722,005</u>	<u>\$1,056,235</u>	<u>\$457,609</u>	<u>\$1,409,336</u>

See accompanying notes to the general-purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$317	\$258,272	\$0	\$0	\$3,742,378
0	0	0	0	1,020,064
51	0	0	0	4,723
56,609	0	0	0	57,098
0	0	0	0	23,587
6,633	0	0	0	6,633
0	0	0	0	2,799
0	0	0	0	13,816
0	0	0	0	95,969
111,924	0	17,309,313	0	17,421,237
0	0	0	240,066	240,066
0	0	0	2,508,811	2,508,811
<u>\$175,534</u>	<u>\$258,272</u>	<u>\$17,309,313</u>	<u>\$2,748,877</u>	<u>\$25,137,181</u>

(Continued)

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1998
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$55,245	\$22,458	\$0	\$0
Contracts Payable	0	0	0	66,902
Accrued Wages and Benefits Payable	538,082	87,834	0	0
Compensated Absences Payable	12,753	0	0	0
Retainage Payable	0	0	0	5,395
Intergovernmental Payable	131,898	14,527	0	7
Deferred Revenue	687,800	0	217,543	20,141
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,425,778	124,819	217,543	92,445
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	738,103	40,120	0	210,765
Reserved for Inventory	2,799	0	0	0
Reserved for Property Taxes	73,059	0	19,697	1,824
Reserved for Budget Stabilization	90,708	0	0	0
Reserved for Capital Improvements	5,261	0	0	0
Unreserved, Undesignated (Deficit)	(613,703)	891,296	220,369	1,104,302
Total Fund Equity and Other Credits	296,227	931,416	240,066	1,316,891
Total Liabilities, Fund Equity and Other Credits	\$1,722,005	\$1,056,235	\$457,609	\$1,409,336

See accompanying notes to the general-purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$77,703
0	0	0	0	66,902
15,025	0	0	0	640,941
8,836	0	0	649,629	671,218
0	0	0	0	5,395
14,978	0	0	64,248	225,658
3,428	0	0	0	928,912
0	248,935	0	0	248,935
0	9,337	0	0	9,337
0	0	0	2,035,000	2,035,000
<u>42,267</u>	<u>258,272</u>	<u>0</u>	<u>2,748,877</u>	<u>4,910,001</u>
0	0	17,309,313	0	17,309,313
120,061	0	0	0	120,061
13,206	0	0	0	13,206
0	0	0	0	988,988
0	0	0	0	2,799
0	0	0	0	94,580
0	0	0	0	90,708
0	0	0	0	5,261
0	0	0	0	1,602,264
<u>133,267</u>	<u>0</u>	<u>17,309,313</u>	<u>0</u>	<u>20,227,180</u>
<u>\$175,534</u>	<u>\$258,272</u>	<u>\$17,309,313</u>	<u>\$2,748,877</u>	<u>\$25,137,181</u>

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Taxes	\$718,095	\$0	\$192,550	\$17,468	\$928,113
Intergovernmental	5,558,515	1,560,650	29,720	606,429	7,755,314
Interest	163,434	0	0	0	163,434
Tuition and Fees	3,929	7,675	0	0	11,604
Extracurricular Activities	0	180,539	0	0	180,539
Miscellaneous	8,147	0	0	4,500	12,647
Total Revenues	6,452,120	1,748,864	222,270	628,397	9,051,651
<u>Expenditures:</u>					
Current:					
Instruction					
Regular	2,836,222	214,193	0	63,282	3,113,697
Special	395,512	405,349	0	0	800,861
Vocational	15,777	0	0	0	15,777
Adult/Continuing	5,056	0	0	0	5,056
Other	419	5,449	0	0	5,868
Support Services					
Pupils	288,361	31,580	0	0	319,941
Instructional Staff	203,868	232,930	0	4,109	440,907
Board of Education	20,332	0	0	0	20,332
Administration	539,612	36,778	0	0	576,390
Fiscal	150,660	0	0	398	151,058
Operation and Maintenance of Plant	983,188	0	0	367,982	1,351,170
Pupil Transportation	441,319	0	0	51,180	492,499
Central	0	1,905	0	0	1,905
Non-Instructional Services	0	6,253	0	0	6,253
Extracurricular Activities	134,095	70,626	0	0	204,721
Capital Outlay	0	0	0	153,528	153,528
Debt Service					
Principal Retirement	0	0	35,000	0	35,000
Interest and Fiscal Charges	0	0	125,405	0	125,405
Total Expenditures	6,014,421	1,005,063	160,405	640,479	7,820,368
Excess of Revenues Over Expenditures	437,699	743,801	61,865	(12,082)	1,231,283
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	20,800	0	275,000	295,800
Proceeds from the Sale of Fixed Assets	0	0	0	85,140	85,140
Operating Transfers Out	(335,800)	0	0	0	(335,800)
Total Other Financing Sources (Uses)	(335,800)	20,800	0	360,140	45,140
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	101,899	764,601	61,865	348,058	1,276,423
Fund Balances at Beginning of Year	193,665	166,815	178,201	968,833	1,507,514
Increase in Reserve for Inventory	663	0	0	0	663
Fund Balances at End of Year	\$296,227	\$931,416	\$240,066	\$1,316,891	\$2,784,600

See accompanying notes to the general-purpose financial statements.

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$665,111	\$665,111	\$0
Intergovernmental	5,558,026	5,558,026	0
Interest	152,898	160,951	8,053
Tuition and Fees	-3,929	3,929	0
Extracurricular Activities	0	0	0
Miscellaneous	4,067	4,067	0
Total Revenues	6,384,031	6,392,084	8,053
Expenditures:			
Current:			
Instruction			
Regular	3,464,566	3,464,566	0
Special	385,301	385,301	0
Vocational	41,432	41,432	0
Adult/Continuing	5,056	5,056	0
Other	12,843	12,843	0
Support Services			
Pupils	277,316	277,316	0
Instructional Staff	197,253	197,253	0
Board of Education	20,208	20,208	0
Administration	525,411	525,411	0
Fiscal	155,142	155,142	0
Operation and Maintenance of Plant	997,660	997,660	0
Pupil Transportation	490,424	490,424	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	134,723	134,723	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	6,707,335	6,707,335	0
Excess of Revenues Over (Under) Expenditures	(323,304)	(315,251)	8,053
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers Out	(335,800)	(335,800)	0
Total Other Financing Sources (Uses)	(335,800)	(335,800)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(659,104)	(651,051)	8,053
Fund Balances at Beginning of Year	375,761	375,761	0
Prior Year Encumbrances Appropriated	416,223	416,223	0
Fund Balances at End of Year	\$132,880	\$140,933	\$8,053

(Continued)

See accompanying notes to the general-purpose financial statements.

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

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

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Intergovernmental	1,560,650	1,560,650	0
Interest	0	0	0
Tuition and Fees	7,675	7,675	0
Extracurricular Activities	180,187	180,187	0
Miscellaneous	0	0	0
Total Revenues	1,748,512	1,748,512	0
Expenditures:			
Current:			
Instruction			
Regular	168,590	168,590	0
Special	430,256	430,256	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	6,999	6,999	0
Support Services			
Pupils	38,940	38,940	0
Instructional Staff	265,484	265,484	0
Board of Education	0	0	0
Administration	40,128	40,128	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	1,905	1,905	0
Non-Instructional Services	6,253	6,253	0
Extracurricular Activities	85,141	85,141	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	1,043,696	1,043,696	0
Excess of Revenues Over (Under) Expenditures	704,816	704,816	0
Other Financing Sources (Uses):			
Operating Transfers In	20,800	20,800	0
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	20,800	20,800	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	725,616	725,616	0
Fund Balances at Beginning of Year	238,297	238,297	0
Prior Year Encumbrances Appropriated	33,017	33,017	0
Fund Balances at End of Year	\$996,930	\$996,930	\$0

See accompanying notes to the general-purpose financial statements.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$178,271	\$178,271	\$0	\$16,146	\$16,146	\$0
29,720	29,720	0	606,429	606,429	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	4,500	4,500	0
207,991	207,991	0	627,075	627,075	0
0	0	0	176,538	176,538	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	2,350	2,350	0
0	0	0	0	0	0
0	0	0	4,109	4,109	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	400	400	0
0	0	0	407,894	407,894	0
0	0	0	130,844	130,844	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	141,884	141,884	0
35,000	35,000	0	0	0	0
125,405	125,405	0	0	0	0
160,405	160,405	0	864,019	864,019	0
47,586	47,586	0	(236,944)	(236,944)	0
0	0	0	275,000	275,000	0
0	0	0	85,140	85,140	0
0	0	0	0	0	0
0	0	0	360,140	360,140	0
47,586	47,586	0	123,196	123,196	0
172,783	172,783	0	867,628	867,628	0
0	0	0	185,782	185,782	0
\$220,369	\$220,369	\$0	\$1,176,606	\$1,176,606	\$0

(Continued)

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

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

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$859,528	\$859,528	\$0
Intergovernmental	7,754,825	7,754,825	0
Interest	152,898	160,951	8,053
Tuition and Fees	11,604	11,604	0
Extracurricular Activities	180,187	180,187	0
Miscellaneous	8,567	8,567	0
Total Revenues	8,967,609	8,975,662	8,053
Expenditures:			
Current:			
Instruction			
Regular	3,809,694	3,809,694	0
Special	815,557	815,557	0
Vocational	41,432	41,432	0
Adult/Continuing	5,056	5,056	0
Other	22,192	22,192	0
Support Services			
Pupils	316,256	316,256	0
Instructional Staff	466,846	466,846	0
Board of Education	20,208	20,208	0
Administration	565,539	565,539	0
Fiscal	155,542	155,542	0
Operation and Maintenance of Plant	1,405,554	1,405,554	0
Pupil Transportation	621,268	621,268	0
Central	1,905	1,905	0
Non-Instructional Services	6,253	6,253	0
Extracurricular Activities	219,864	219,864	0
Capital Outlay	141,884	141,884	0
Debt Service:			
Principal Retirement	35,000	35,000	0
Interest and Fiscal Charges	125,405	125,405	0
Total Expenditures	8,775,455	8,775,455	0
Excess of Revenues Over (Under) Expenditures	192,154	200,207	8,053
Other Financing Sources (Uses):			
Operating Transfers In	295,800	295,800	0
Proceeds from Sale of Fixed Assets	85,140	85,140	0
Operating Transfers Out	(335,800)	(335,800)	0
Total Other Financing Sources (Uses)	45,140	45,140	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	237,294	245,347	8,053
Fund Balances at Beginning of Year	1,654,469	1,654,469	0
Prior Year Encumbrances Appropriated	635,022	635,022	0
Fund Balances at End of Year	\$2,526,785	\$2,534,838	\$8,053

See accompanying notes to the general-purpose financial statements.

**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type
	Enterprise
<u>Operating Revenues:</u>	
Sales	\$173,093
Total Operating Revenues	173,093
<u>Operating Expenses:</u>	
Salaries	133,966
Fringe Benefits	36,983
Purchased Services	34,398
Materials and Supplies	59,884
Cost of Sales	213,250
Depreciation	7,989
Total Operating Expenses	486,470
Operating Loss	(313,377)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	21,066
Federal and State Subsidies	248,600
Total Non-Operating Revenues	269,666
Net Loss Before Transfers	(43,711)
Operating Transfers In	40,000
Net Loss	(3,711)
Retained Earnings at Beginning of Year	16,917
Retained Earnings at End of Year	13,206
Contributed Capital at Beginning and End of Year	120,061
Total Fund Equity at End of Year	\$133,267

See accompanying notes to the general-purpose financial statements.

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$175,482	\$175,482	\$0
Federal and State Subsidies	236,882	236,882	0
Total Revenues	412,364	412,364	0
<u>Expenses</u>			
Salaries	130,375	130,375	0
Fringe Benefits	34,354	34,354	0
Purchased Services	34,418	34,418	0
Materials and Supplies	252,666	252,666	0
Capital Outlay	2,100	2,100	0
Total Operating Expenses	453,913	453,913	0
Excess of Revenues Under Expenses Before Transfers	(41,549)	(41,549)	0
Operating Transfers In	40,000	40,000	0
Excess of Revenue Under Expenses and Transfers	(1,549)	(1,549)	0
Fund Equity at Beginning of Year	443	443	0
Prior Year Encumbrances Appropriated	743	743	0
Fund Deficit at End of Year	(\$363)	(\$363)	\$0

See accompanying notes to the general-purpose financial statements.

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY

Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type
	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$173,073
Cash Payments to Suppliers for Goods and Services	(286,704)
Cash Payments for Employee Services and Benefits	(164,729)
Net Cash Used for Operating Activities	(278,360)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	236,882
Operating Transfers In	40,000
Net Cash Provided by Noncapital Financing Activities	276,882
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Payments for Capital Acquisitions	(1,800)
Net Decrease in Cash and Cash Equivalents	(3,278)
Cash and Cash Equivalents at Beginning of Year	3,595
Cash and Cash Equivalents at End of Year	\$317
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$313,377)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	7,989
Donated Commodities Used During Year	21,066
<u>Changes in Assets and Liabilities:</u>	
Decrease in Accounts Receivable	1,501
Increase in Inventory Held for Resale	(998)
Decrease in Deferred Revenue	(761)
Decrease in Accrued Wages and Benefits Payable	(2,022)
Increase in Compensated Absences Payable	4,655
Increase in Intergovernmental Payable	3,587
Total Adjustments	35,017
Net Cash Used for Operating Activities	(\$278,360)

See accompanying notes to the general-purpose financial statements.

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's five instructional/support facilities staffed by 49 noncertified employees, 85 certificated full time teaching personnel and eight administrators who provide services to 1,323 students and other community members.

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

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

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations are presented in Note 10 to the general purpose financial statements. These organizations are the Lawrence County Joint Vocational School District and the South Central Ohio Computer Association.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

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 Funds 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 is the School District's proprietary fund type:

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

Fiduciary Fund 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. There are two types of fiduciary funds, trust and agency. The School District has no trust 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Data

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

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

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

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 year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Prior to year-end, the School District's Board passed appropriations that reflected actual expenditures/expenses for the fiscal year.

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. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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

During fiscal year 1999, investments were limited to certificates of deposit and overnight repurchase agreements. These nonparticipating investment contracts are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$163,434, which includes \$103,537 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.

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three 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 and vehicles in the proprietary fund type is computed using the straight-line method over an estimated useful life of five to twenty years.

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program

School Bus Purchase

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

General Fund

Safe Boating Grant

Special Revenue Funds

Venture Capital

Title VI-B

Title I

Title II

Title VI

Preschool

Educational Management Information System

Professional Development

Auxiliary Services

Dependent Care

Goals 2000

Drug Free Schools

Raising the Bar

Capital Projects Funds

School Net

School Net Plus

Emergency Repair Grant

ADA Handicapped Grant

Energy Conservation Grant

Reimbursable Grants

General Fund

Driver Education Reimbursement

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Intergovernmental Revenues (Continued)

Reimbursable Grants (Continued)

Proprietary Funds

National School Breakfast Program

National School Lunch Program

Government Donated Commodities

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payments 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 15 years of service.

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

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, 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 after sixty days are considered not to have been paid with current available financial resources. Bonds and notes 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Interfund Transactions (Continued)

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

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenue in revenues and expenditures.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. There were no changes to contributed capital during the fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as 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 amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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

Note 3 - Change in Accounting Principles

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

Note 4 - Accountability and Compliance

A. Fund Deficit

The Education Management Information System Special Revenue Fund had a deficit balance at June 30, 1999 of \$308.

The deficit in the special revenue fund resulted from expenditures made in excess of available revenues. The general fund is liable for any deficit in this fund and provides operating transfers when cash is required, not when accruals occur.

B. Legal Compliance

The Food Service Enterprise Fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999, in the amount of \$363. Estimated resources were \$452,807 and appropriations were \$453,170.

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 the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis), Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

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).

Dawson-Bryant Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 5 - Budgetary Basis of Accounting (Continued)

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			
	General	Special Revenue	Debt Service	Capital Projects
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$101,899	\$764,601	\$61,865	\$348,058
Revenue Accruals	(60,036)	(352)	(14,279)	(1,322)
Prepaid Items	(13,816)	0	0	0
Expenditure Accruals	96,104	20,320	0	(12,774)
Encumbrances	(775,202)	(58,953)	0	(210,766)
Budget Basis	<u>(\$651,051)</u>	<u>\$725,616</u>	<u>\$47,586</u>	<u>\$123,196</u>

	Net Loss/Excess of Revenues Under Expenses Proprietary Fund Type	
		<u>Enterprise</u>
GAAP Basis		(\$3,711)
Revenue Accruals		(30,395)
Expense Accruals		27,348
Capital Outlay		(2,100)
Depreciation Expense		7,989
Encumbrances		(680)
Budget Basis		<u>(\$1,549)</u>

Note 6 - Deposits and Investments

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

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

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.

Note 6 - Deposits and Investments (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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."

Dawson-Bryant Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 6 - Deposits and Investments (Continued)

Deposits At year-end, the carrying amount of the School District's deposits was \$963,347 and the bank balance was \$1,253,628. Of the bank balance:

1. \$262,104 was covered by federal depository insurance; and
2. \$991,524 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$2,875,000	\$2,875,000	\$2,875,000

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	\$3,838,347	\$0
Repurchase Agreements	(2,875,000)	2,875,000
 GASB Statement 3	 \$963,347	 \$2,875,000

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 and public utility property, and tangible personal (used in business) property located in the School District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Real and public utility property taxes are payable annually and semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31, with the remainder payable by June 20, unless extended.

Davison-Bryant Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 7 - Property Taxes (Continued)

Under certain circumstances, State statute permits earlier or later payment dates to be established. Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and the rates determined in the preceding year.

Tangible personal property used in business (except public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility taxes are payable on the same dates as real property taxes described previously. The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$27,589,000	80.83%	\$35,612,030	84.32%
Public Utility Personal	5,760,220	16.87	5,786,010	13.70
Tangible Personal Property	784,500	2.30	836,850	1.98
Total	\$34,133,720	100.00%	\$42,234,890	100.00%
 Tax rate per \$1,000 of assessed valuation		\$26.50		\$29.40

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$94,580 and is recognized as revenue. \$73,059 was available to the General Fund, \$19,697 was available to the Debt Service Fund and \$1,824 was available to the Capital Projects Fund. At June 30, 1998, the amount available as an advance was \$20,075 to the General Fund, \$5,418 to the Debt Service Fund and \$502 to the Capital Projects Fund.

Note 8 - Receivables

Receivables at June 30, 1999, consisted of taxes, accounts (rent and tuition), 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.

Dawson-Bryant Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 8 - Receivables (Continued)

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Bureau of Workers' Compensation Refund	\$367
Miscellaneous	122
Total General Fund	489
Enterprise Fund:	
Food Service- Grant	56,609
Total Enterprise Fund	56,609
Total Intergovernmental Receivables	\$57,098

Note 9 - Fixed Assets

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

Furniture and Equipment	\$241,876
Less: accumulated depreciation	(129,952)
Net Fixed Assets	\$111,924

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

	Balance 6/30/98	Additions	Deductions	Balance 6/30/99
Land and Improvements	\$174,637	\$0	\$0	\$174,637
Buildings and Improvements	14,435,275	14,606	90,000	14,359,881
Textbooks	243,676	5,765	0	249,441
Vehicles	733,166	51,180	0	784,346
Furniture and Equipment	1,583,599	157,409	0	1,741,008
Total General Fixed Assets	\$17,170,353	\$228,960	\$90,000	\$17,309,313

There was no significant construction in progress at June 30, 1999.

Note 10 - Jointly Governed Organizations

The Lawrence County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake-Union Exempted Village School District, two from the Dawson-Bryant Local School District and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding.

Note 10 - Jointly Governed Organizations (Continued)

Dawson-Bryant Local School District paid \$2,778 for services provided during fiscal year 1999. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 1999, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 deductible.

Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance and hold no deductible for comprehensive and \$100 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 years. There has not been a significant reduction in coverage from the prior year.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 1999, 1998, and 1997 were \$185,094, \$110,339 and \$103,930, respectively; 70 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$79,487 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Note 12 - Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System (Continued)

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon 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, 1999, 1998, and 1997 were \$748,389, \$378,225 and \$411,252, respectively; 92 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$68,376 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

Note 13 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$239,316 for fiscal year 1999.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$134,486.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators, who are not on a twelve month contract, do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 60 days.

B. Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to classified and administrative employees through Anthem National Life Insurance Company, in the amount of \$30,000.

Health insurance is provided by Medical Benefits Company. Premiums for this coverage are \$439.48 for family coverage and \$197.39 for single coverage. The School District pays 80% of the family coverage premium and 83% of the single coverage premium. Dental insurance is provided by CoreSource, Inc.. Premiums for this coverage are \$42.99 for both single and family coverage. The School District pays 100% of the premium. Vision insurance is provided by Vision Service Plan. Premiums for this coverage are \$14.74 for both single and family coverage. The School District pays 100% of the premium.

C. Deferred Compensation

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

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

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
General Obligation Bonds:				
1983 School Building 9.125%	\$2,070,000	\$0	\$35,000	\$2,035,000
Compensated Absences	590,650	76,845	17,866	649,629
Intergovernmental Payable	79,320	64,248	79,320	64,248
Total General Long-Term Obligations	\$2,739,970	\$141,093	\$132,186	\$2,748,877

The general obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

Dawson-Bryant Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 15 - Long-Term Obligations (Continued)

On February 5, 1998, Dawson-Bryant Local School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the \$11,747,453 classroom facilities loan to the State because the School District's adjusted valuation per pupil (currently 607 of 611 schools) was less than the state-wide median adjusted valuation per pupil. In lieu of repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for a portion of the State's contribution.

Prior to February 5, 1998, the School District made payments on the Classroom Facilities Loan in the amount of \$1,483,452.

The School District's overall legal debt margin was \$3,801,140 with an unvoted debt margin of \$42,235 at June 30, 1999. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30.	Principal	Interest	Total
2000	\$45,000	\$124,583	\$169,583
2001	45,000	122,422	167,422
2002	50,000	120,217	170,217
2003	55,000	117,718	172,718
2004-2008	365,000	539,793	904,793
2009-2013	585,000	415,348	1,000,348
2014-2018	890,000	189,945	1,079,945
	<u>\$2,035,000</u>	<u>\$1,630,026</u>	<u>\$3,665,026</u>

Note 16 - Contractual Commitments

The School District has entered into contracts for the renovation and repair of existing buildings. Outstanding contracted commitments at June 30, 1999 in the Emergency Repair Grant Capital Projects Fund are as follows:

Company	Contract Amount	Amount Expended	Amount Remaining On Contract
James Electric	\$66,350	\$1,802	\$64,548
B & L Construction	357,627	30,584	327,043
General Heating and Air Conditioning	123,890	34,516	89,374
Precision Sports Surfaces	78,277	0	78,277
Davis & Son	16,410	0	16,410
Steiner & Company	33,254	0	33,254

Note 17- Year 2000

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

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

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

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

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

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

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

Note 18 - Contingencies

A. Grants

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

B. Litigation

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

Note 19 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$5,000,496 of school foundation support for its general fund.

Dawson-Bryant Local School District
Notes to the General Purpose Financial Statements
 June 30, 1999

Note 19 - State School Funding Decision (Continued)

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had received a total of \$11,747,453 under this program.

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

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

Note 20 - Set-Aside Calculations and Fund Reserves

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$26,708	\$26,708
Current Year Set-aside Requirement	128,000	128,000	64,000	320,000
Qualifying Disbursements	<u>(284,939)</u>	<u>(122,739)</u>	<u>0</u>	<u>(407,678)</u>
Total	<u>(\$156,939)</u>	<u>\$5,261</u>	<u>\$90,708</u>	<u>(\$60,970)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$5,261</u>	<u>\$90,708</u>	<u>\$95,969</u>

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

Dawson-Bryant Local School District
Lawrence County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 1999

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	NA	10,550	\$0	\$21,380	\$0	\$21,000
National School Breakfast Program	05-PU 99	10,553	45,873	0	45,873	
National School Lunch Program	04-PU 99	10,555	173,510	0	173,510	
Summer Food Service Program	24-AD 98	10,559	2,514	0	2,514	
Total United States Department of Agriculture - Nutrition Cluster			221,897	21,380	221,897	21,000
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Title VI-B	6B-SI 98	84,027	125,804	0	49,569	
Total Special Education Cluster			125,804	0	49,569	
Title 1	C1-S1 99	84,010	725,710	0	669,655	
Goals 2000	G2-SP 99	84,276	40,900	0	29,112	
Inovative Education Program Strategy	C2-S1 99	84,298	5,011	0	0	
Tech Literacy Challenge	TF-31 98	84,318	150,000	0	0	
Total United States Department of Education			1,047,425	0	748,336	
United States Department of Health & Human Services						
<i>Passed through Ohio Department of Education</i>						
Planning & Development of Dependent Care Program	DC-S1 98	93,673	0	0	2,877	
Total Federal Financial Assistance			\$1,269,322	\$21,380	\$973,110	\$21,000

N/A - not available

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 1999

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - - FOOD DISTRIBUTIONS

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

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Ohio Society of Certified Public Accountants

Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Members of the Board
Dawson-Bryant Local School District
423 Marion Pike
Cole Grove, Ohio 45638

We have audited the general-purpose financial statements of the Dawson-Bryant Local School District, Lawrence County, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Dawson-Bryant Local School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general-purpose 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 instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted other immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 10, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dawson-Bryant Local School District internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. 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 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 matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Members of the Board
Dawson-Bryant Local School District
Cole Grove, Ohio 45638
Page 2

However, we noted other matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 10, 1999.

This report is intended for the information of the audit committee, management, members of the Board, 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.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.

December 10, 1999

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Ohio Society of Certified Public Accountants

Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A-133

Members of the Board
Dawson-Bryant Local School District
423 Marion Pike
Cole Grove, Ohio 45638

Compliance

We have audited the compliance of the Dawson-Bryant Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 1999. Dawson-Bryant Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Dawson-Bryant Local School District's management. Our responsibility is to express an opinion on Dawson-Bryant Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular a-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dawson-Bryant Local 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 of Dawson-Bryant Local School District's compliance with those requirements.

In our opinion, Dawson-Bryant Local School District complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Dawson-Bryant Local 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.

Members of the Board
Dawson-Bryant Local School District
Cole Grove, Ohio 45638
Page 2

In planning and performing our audit, we considered Dawson-Bryant Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information of the audit committee, management, members of the Board, 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.

Michael A. Balestra, CPA, Inc.
Michael A. Balestra, CPA, Inc.

December 10, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under section .510?	No
(d) (1) (vii)	Major Programs (list):	Title 1, CFDA #84.010
(d) (1) (viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d) (1) (ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 1999

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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DAWSON-BRYANT LOCAL SCHOOL DISTRICT
LAWRENCE 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.

By: *Susan Babbitt*

Date: JANUARY 13, 2000