



**OAK HILL UNION LOCAL SCHOOL DISTRICT
JACKSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Oak Hill Union Local School District
Jackson County
265 West Cross Street
Oak Hill, Ohio 45656

To the Board of Education:

We have audited the accompanying financial statements of Oak Hill Union Local School District, Jackson County, Ohio, (the School District) as of and for the year ended June 30, 1999. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-2-01 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the School District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Oak Hill Union Local School District, Jackson County, as of June 30, 1999, and its combined cash receipts and cash disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the fiscal year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 1999, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

December 1, 1999

**COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS
AND FUND CASH BALANCES - ALL FUND TYPES
AS OF JUNE 30, 1999**

Cash and Cash Equivalents	<u>\$1,694,712</u>
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CASH BALANCES BY FUND TYPE

<u>Governmental Funds:</u>	
General Fund	1,060,129
Special Revenue Funds	487,290
Capital Projects	89,111
 <u>Proprietary Fund:</u>	
Enterprise Fund	(9,885)
 <u>Fiduciary Funds:</u>	
Expendable Trust Funds	26,675
Agency Funds	<u>41,392</u>
 Total	 <u>\$1,694,712</u>

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

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Revenue form Local Sources:					
Taxes	\$1,265,892	\$0	\$0	\$0	\$1,265,892
Earning on Investments	49,869	0	0	1,048	50,917
Extracurricular Activities	0	77,071	0	0	77,071
Miscellaneous	21,225	9,430	0	11,500	42,155
Revenue form Intermediate Sources:					
Restricted Grants in Aid	0	236,665	0	0	236,665
Revenue from State Sources:					
Unrestricted Grants in Aid	4,771,863	4,000	337,600	1,000	5,114,463
Restricted Grants in Aid	73,662	13,000	6,028	2,500	95,190
Revenue for/on Behalf of the District	8,295	0	0	0	8,295
Revenue from Federal Sources:					
Unrestricted Grants in Aid	0	535,261	0	0	535,261
Total Cash Receipts	6,190,806	875,427	343,628	16,048	7,425,909
Cash Disbursements:					
Instruction:					
Regular	3,168,307	26,777	172,917	296	3,368,297
Special	52,824	408,781	0	0	461,605
Vocational	53,437	988	0	0	54,425
Other Instruction	251	0	0	0	251
Supporting Service:					
Pupils	301,479	760	0	0	302,239
Instructional	235,802	3,000	0	0	238,802
Board of Education	50,321	0	0	0	50,321
Administration	593,228	13,795	13,048	293	620,364
Fiscal Services	289,298	4,003	0	0	293,301
Operation and Maintenance - Plant	630,447	0	90,871	0	721,318
Pupil Transportation	684,703	0	0	0	684,703
Extracurricular Activities					
Academic and Subject Oriented Activities	0	16,623	0	0	16,623
Sports Oriented	0	63,324	0	0	63,324
Co-Curricular	0	0	0	100	100
Total Cash Disbursements	6,060,097	538,051	276,836	689	6,875,673
Excess of Cash Receipts Over (Under) Cash Disbursements:					
	130,709	337,376	66,792	15,359	550,236
Other Financing Sources/(Uses):					
Other Revenue Sources:					
Sale and Loss of Assets	1,551	0	0	0	1,551
Transfers-out	(176,192)	0	0	0	(176,192)
Refund from Prior Year Receipts	0	(8,022)	0	0	(8,022)
Total Other Financing Receipts/(Disbursements)	(174,641)	(8,022)	0	0	(182,663)
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements					
	(43,932)	329,354	66,792	15,359	367,573
Fund Cash Balances, July 1	1,104,061	157,936	22,319	11,316	1,295,632
Fund Cash Balances, June 30	\$1,060,129	\$487,290	\$89,111	\$26,675	\$1,663,205

Note: The fund cash balances at July 1, 1998, contain no statutory reserve balances. At June 30, 1999, there is a restricted cash balance of \$40,068 in the General Fund for the budget stabilization reserve. See Note 1-H to these financial statements.

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Receipts:			
Food Services	\$46,512	0	\$46,512
Extracurricular Activities	<u>0</u>	<u>77,560</u>	<u>77,560</u>
Total Operating Receipts	<u>46,512</u>	<u>77,560</u>	<u>124,072</u>
Operating Disbursements:			
Personal Services - Salaries	69,159	0	69,159
Employees' Retirement and Insurance	42,764	0	42,764
Purchased Services	180	7,629	7,809
Supplies and Materials	74,980	59,571	134,551
Capital Outlay	<u>2,500</u>	<u>0</u>	<u>2,500</u>
Total Operating Disbursements	<u>189,583</u>	<u>67,200</u>	<u>256,783</u>
Excess of Operating Receipts Over/(Under) Operating Disbursements	(143,071)	10,360	(132,711)
Non-Operating Receipts:			
Revenue from State Sources:			
Revenue for/on Behalf of the District	9,651	0	9,651
Revenue for Federal Sources:			
Restricted Grants in Aid	<u>123,535</u>	<u>0</u>	<u>123,535</u>
Total Non-Operating Revenue	133,186	0	133,186
Excess of Revenue Over/(Under) Expenses Before Interfund Transfers and Advances	(9,885)	10,360	475
Other Financing Receipts/(Disbursements):			
Transfers-In	<u>176,192</u>	<u>0</u>	<u>176,192</u>
Total Other Financing Receipts/(Disbursements)	<u>176,192</u>	<u>0</u>	<u>176,192</u>
Excess of Receipts and Over/(Under) Disbursements	166,307	10,360	176,667
Fund Cash Balances, July 1	<u>(176,192)</u>	<u>31,031</u>	<u>(145,161)</u>
Fund Cash Balances, June 30	<u>(\$9,885)</u>	<u>\$41,391</u>	<u>\$31,506</u>

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

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
ALL BUDGETED FUNDS
FOR THE YEAR ENDED JUNE 30, 1999**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Governmental</u>			
General	\$6,172,526	\$ 6,192,357	\$19,831
Special Revenue	875,426	875,427	1
Capital Projects	343,628	343,628	0
<u>Proprietary</u>			
Enterprise	355,890	355,890	0
<u>Fiduciary</u>			
Expendable Trust	16,048	16,048	0
Agency	<u>77,560</u>	<u>77,560</u>	<u>0</u>
Total (Memorandum Only)	<u>\$7,841,078</u>	<u>\$7,860,493</u>	<u>\$19,832</u>

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

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
 COMPARED WITH EXPENDITURE AUTHORITY - ALL BUDGETED FUNDS
 FOR THE YEAR ENDED JUNE 30, 1999**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
<u>Governmental</u>			
General	\$4,676,488	\$6,091,125	\$10,767,613
Special Revenue	23,870	553,231	577,101
Capital Projects	1,074	227,567	228,641
<u>Proprietary</u>			
Enterprise	200	181,891	182,091
<u>Fiduciary</u>			
Agency	0	71,905	71,905
Expendable Trust	<u>0</u>	<u>463</u>	<u>463</u>
Total (Memorandum Only)	<u>\$4,701,632</u>	<u>\$7,126,182</u>	<u>\$11,827,814</u>

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

<u>Disbursements</u>	<u>Encumbrances Outstanding At 6/30/99</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$6,236,289	\$ 0	\$6,236,289	\$4,531,324
546,073	0	546,073	31,028
276,836	0	276,836	(48,195)
189,583	0	189,583	(7,492)
67,199	0	67,199	4,706
<u>689</u>	<u>0</u>	<u>689</u>	<u>(226)</u>
<u>\$7,316,669</u>	<u>0</u>	<u>\$7,316,669</u>	<u>\$ 4,511,145</u>

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Oak Hill Union Local School District, (the School District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of October 1, 1998, was 1,230. The School District employed 86 certificated employees and 41 non-certificated employees.

The School District's management believes these financial statements represent all activities for which the School District is financially accountable.

B. BASIS OF ACCOUNTING

Although required by Ohio Administrative Code Section 117-2-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the School District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentation report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records.

During fiscal year 1999, investments were limited to Certificates of Deposits.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit 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 \$49,869. \$1,048 in interest receipts was credited to the School District's expendable trust fund.

D. FUND ACCOUNTING

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations.

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 FUNDS

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 general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

For reporting purposes, unrestricted money of the School District is reflected in the General Fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

Capital Projects Fund

This fund is 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

Enterprise Fund

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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 purpose.

FIDUCIARY FUNDS

Trust and Agency Funds

To account for assets held by a governmental unit in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds and Agency Funds.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The School District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

Prior to June 30, the School District must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 1997, unencumbered fund balances. However, those fund balances were available for appropriations.

Encumbrances

The Ohio Revised Code requires the School District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for the School District are recorded as disbursements. Depreciation is not recorded for these fixed assets.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

H. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amount, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash basis) was as follows:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. STATUTORY RESERVES (Continued)

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, July 1, 1998	\$ 0	\$ 0	\$ 0	\$ 0
Required Set-Aside	81,042	81,042	40,068	202,152
Offset Credits	0	0	0	0
Qualifying Expenditures	<u>(81,042)</u>	<u>(81,042)</u>	<u>0</u>	<u>(162,084)</u>
Balance, June 30, 1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,068</u>	<u>\$ 40,068</u>

Expenditures for textbooks during the year were \$90,085, and expenditures for capital maintenance during the year were \$112,071, which exceeded the required set-asides and the reserve balances. The required set-aside for the budget stabilization reserve was entirely from a special refund issued in calendar 1998 by the Ohio Workers Compensation program to the district; state law requires this refund to be placed into this budget reserve.

2. EQUITY IN POOLED CASH

The School District maintains a cash and cash equivalents pool which is used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash and Cash Equivalents and Fund Cash Balances - All Fund Types" as "Cash Balances by Fund Type".

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

Category 1 consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the School District. Such moneys must be maintained either as cash in the School District treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or money market deposit accounts.

Category 2 consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be held in deposits or investments maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" moneys, those moneys which are redeemable within two years from the date of purchase, not to exceed the end of the current period of depositories. Interim moneys may be invested or deposited, pursuant to Section 135.14, Revised Code, in the following securities:

- A. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest thereon;
- B. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. EQUITY IN POOLED CASH (Continued)

- C. Interim deposits in the eligible institutions applying for interim moneys as provided in Section 135.08, Revised Code. The award of interim deposits shall be made in accordance with Section 135.09, Revised Code, and the treasurer or governing board shall determine that periods for which such interim deposits are to be made and shall award such interim deposits for such periods, provided that any eligible institution receiving an interim award may, upon notification that the award has been made, decline to accept the interim deposit in which event the award shall be made as though such institution had not applied for such interim deposit;
- D. Bonds and other obligations of the State of Ohio;
- E. No-load money market mutual funds consisting exclusively of obligations described in division (A) or (B) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions mentioned in Section 135.03, Revised Code; and,
- F. The State Treasurer's investment pool (STAR Ohio).

The Governmental Accounting Standards Board has established risk categories for deposits as follows:

- Category 1 - Deposits that are insured or collateralized with securities held by the School District or by its agent in the School District's name;
- Category 2 - Deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name;
- Category 3 - Deposits that are uncollateralized or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the School District's name.

Deposits: At year-end, the carrying amount of the School District's deposits was \$1,694,716, and the bank balance was \$1,932,284. Of the bank balance:

- 1. \$200,000 was covered by federal deposit insurance and would belong in risk category 1; and
- 2. \$1,732,284 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions and would belong to risk category 3.

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised values. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1996.

Real Property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

3. PROPERTY TAX (Continued)

The full tax rate applied to real property for tax year 1999 was \$20.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$20.60 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$20.60 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio. Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax year 1999 was \$20.60 per \$1,000 of assessed valuation.

Real property - 1998 Valuation	
Residential/Agricultural	\$32,513,790
Commercial/Industrial	4,230,310
Minerals	119,850
Tangible Personal Property	
General - 1999 Valuation	8,222,368
Public Utilities - 1998 Valuation	<u>16,999,170</u>
Total Valuation	<u>\$62,085,488</u>

The Jackson County Treasurer collects property tax on behalf of all taxing districts within the County. The Jackson County Auditor periodically remits to the taxing districts their portion of the taxes collected.

4. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year ending June 30, 1999, the School District contracted with various insurance companies for property and general liability insurance, including criminal, mechanical, electrical, and pressure equipment, inland marine, and fleet coverage.

Settled claims have not exceeded any aforementioned coverage in any of the past three years.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salary. This rate is calculated based upon accident history and administrative costs.

5. DEFINED BENEFIT PENSION PLANS

State Teachers Retirement System of Ohio

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Provide basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. DEFINED BENEFIT PENSION PLANS (Continued)

State Teachers Retirement System of Ohio (Continued)

For the year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For the year ended 1999, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent to members and 14 percent for employers. The School District's contribution for the fiscal years ended June 30, 1999, 1998 and 1997 were \$693,078, \$628,555 and \$600,339, respectively; 95 percent has been contributed for fiscal year 1999, and 100 percent for fiscal years 1998 and 1997.

School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For the year ended 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$182,580, 167,179 and 164,178, respectively; 68 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997.

6. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 4.98 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 \$155,690 during fiscal 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

6. POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this 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 has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for the maintenance of the asset target level for the health care fund. For the School District, the amount to the fund health care benefits, including the surcharge, equaled \$61,820 during the 1999 fiscal year.

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

7. YEAR 2000 ISSUE

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

The School District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting School District operations and has identified such systems as being financial reporting, payroll, and employee benefits. The School District has a building with an efficient power heating system which has efficiency utilization measures within the system.

Jackson County collects property taxes for distribution to the School District. Jackson County is responsible for remediating the tax collection system and is solely responsible for any costs associated with this project.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the School District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

8. ACCOUNTABILITY AND COMPLIANCE

Legal Compliance

1. At June 30, 1999, the Food Service, and the SchoolNet Professional Development and Alcohol and Drug Education Funds had deficit fund balances of \$9,885, \$571 and \$681, respectively.
2. The District's SchoolNet Professional Development Fund and the Alcohol/Drug Education Fund had appropriations that exceeded the total estimated resources by 100% in both funds.
3. Total disbursements exceeded appropriations, violating Ohio Rev. Code § 5705.41(B) in five funds. The SchoolNet Professional Development Fund, EESA/NDEA Fund, Emergency Building Repair Fund and Various Trust Fund had disbursements that exceeded total appropriations by \$517 (90%), \$2,728 (32%), \$57,890 (31%) and \$226 (32%) respectively.
4. Some expenditures , contracts or appropriation resolutions were not certified as required by Ohio Revised Code § 5705.412..
5. The Treasurer did not certify to the County Auditor the total amounts from all sources available for disbursement for each fund set up in the tax budget.
6. Tax rates were not authorized by the district by resolution in the record of proceedings (minutes), and the 1999 tax rates were not completed nor were they filed with the County Auditor.

9. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant amounts of monetary support to the School District. During the year ended June 30, 1999, the School District received \$4,701,063.69 of school foundation support for its General Fund.

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 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 decision made by the Court of Common Pleas is likely to be appealed.

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.

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

<u>Agency/Program/Grant</u>	<u>Pass Through Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non Cash Receipt \$</u>	<u>Disbursements</u>	<u>Non Cash Disbursement \$</u>
<u>U.S. Department of Agriculture</u>						
<i>Passed Through State Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program		10.550	\$ -	\$10,294	\$ -	\$10,294
School Breakfast Program	05-PU-00	10.553	38,406	-	38,406	-
National School Lunch Program	03-PU-00	10.555	<u>85,128</u>	<u>-</u>	<u>85,128</u>	<u>-</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			123,534	10,294	123,534	10,294
<u>U.S. Department of Education</u>						
<i>Pass through State Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-99	84.010	404,105	-	146,522	-
Special Education Cluster:						
Special Education - State Grants	6B-SF-99	84.027	55,348	-	43,924	-
Special Education - Pre-School Grant	PG-S1-99	84.173	<u>1,014</u>	<u>-</u>	<u>0</u>	<u>-</u>
Total Special Education Cluster:			56,362	-	43,924	-
Safe and Drug- Free Schools and Communities Grant	DR-S1-99	84.186	6,720	-	4,060	-
Eisenhower Professional Development - State Grant	MS-S1-99	84.281	8,482	-	8,466	-
Innovative Education Program Strategy	C2-S1-99	84.298	4,692	-	2,251	-
Goals 2000-State and Local Education Systemic Improvement Grant	G2-S4-00	84.276	54,900	-	10,107	-
Employment Service and Job Training Pilot And Demonstration (School-to-Work) Program	WK-S1-89	17.249	0	-	1,148	-
Dependent Care Plan	DC-S1-99	93.673	<u>4,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Education			<u>540,239</u>	-	<u>216,478</u>	<u>-</u>
Total Federal Awards Receipts and Expenditures			<u>\$663,773</u>	<u>\$10,294</u>	<u>\$340,012</u>	<u>\$10,294</u>

Note A -- Food Distribution

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.

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

Oak Hill Union Local School District
Jackson County
265 West Cross Street
Oak Hill, Ohio 45656

To the Board of Education:

We have audited the financial statements of Oak Hill Union Local School District, Jackson County, Ohio, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 1, 1999, wherein we noted that the School District followed a basis of accounting similar to the cash basis. The Ohio Administrative Code requires the School District to follow generally accepted accounting principles. 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 Oak Hill Union Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-10740-001 through 1999-10740-008. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 1, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oak Hill Union Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as item 1999-10740-009.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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



JIM PETRO
Auditor of State

December 1, 1999



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

Oak Hill Union Local School District
Jackson County
265 West Cross Street
Oak Hill, Ohio 45656

Compliance

We have audited the compliance of Oak Hill Union Local School District, Jackson County, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The School District's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

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

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

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



JIM PETRO
Auditor of State

December 1, 1999

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999**

Finding Number	Finding Summary	Fully Corrected?	Comments
1998-10740-001	Ohio Rev. Code Section 5705.10 requiring money paid into a fund be used for the purpose for which the fund was established	Not Corrected	Finding during 1999
1998-10740-002	Ohio Rev. Code Section 5705.39 requiring total appropriations not exceed total estimated resources	Not Corrected	Finding during 1999
1998-10740-003	Ohio Rev. Code Section 5705.41(B) prohibiting making a disbursement until appropriated	Not Corrected	Finding during 1999
1998-10740-004	Ohio Rev. Code Section 5705.34 requiring the passing of tax rates and certifying of levies	Not Corrected	Not filed with County Auditor for 1999
1998-10740-005	Ohio Rev. Code Section 5705.36 requiring certification of the available resources	Not Corrected	Finding during 1999
1998-10740-006	Ohio Rev. Code Section 5705.41(D) concerns the three month limit to "blanket" certificates.	Fully Corrected	No Blanket Orders Used
1998-10740-007	Ohio Rev. Code Section 5705.38 requires the passage of an annual appropriation measure.	Partially Corrected	Appropriation adopted late
1998-10740-008	Ohio Rev. Code Section 5705.412 requires a "412" certificate be issued for appropriations, contracts and expenditures	Partially Corrected	"412" Certificates done after FY98 audit report issued
1998-10740-009	Ohio Rev. Code Section 5705.36 requires a reduced amended certificate when estimated resources exceeds actual resources	Fully Corrected	
1998-10740-010	Ohio Admin. Code Section 117-2-01 requires annual financial report be prepared according to GAAP	Not Corrected	Finding during 1999

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: CFDA # 10.550, 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding #1999-10740-001

Ohio Rev. Code § 5705.10 requires that money paid into any fund shall be used only for the purpose for which such fund is established.

The Food Service, SchoolNet Professional Development and Alcohol and Drug Education funds had negative cash balances of \$9,885 and \$571 and \$681, respectively at June 30, 1999, indicating that monies from other funds were used to meet the obligations of these funds.

We recommend that the Treasurer closely monitor the posting of receipts and disbursements to ensure the appropriateness of the fund receiving and disbursing the moneys. This will ensure that the moneys are receipted to and expended from the proper funds, and prevent any negative cash balances.

Finding #1999-10740-002

Ohio Administrative Code §117-2-01 requires the School District to prepare its annual financial reports in accordance with generally accepted accounting principles.

The School District's Treasurer prepared the financial statements on the cash basis of accounting.

We recommend that the School District's Treasurer prepare its annual financial reports in accordance with generally accepted accounting principles.

Finding #1999-10740-003

Ohio Rev. Code §5705.39 states that the total appropriations from each fund should not exceed the total estimated resources.

The District's SchoolNet Professional Development and the Alcohol/Drug Education Funds each had appropriations that exceed the total estimated resources by 100%.

We recommend the Treasurer review the requirements of Ohio Rev. Code §5705.39. We further recommend that the Board of Education make no appropriations unless they are supported by a certificate of estimated resources signed by the County Budget Commission.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding #1999-10740-004

Ohio Rev. Code §5705.41(B) states that total disbursements from a fund shall not exceed total appropriations.

The School Net Professional Development Fund, EESA/NDEA Fund, Emergency Building Repair Fund, Various Trust Fund and Student Managed Account Fund had disbursements that exceeded total appropriations by \$517 (90%), \$2,728 (32%), \$57,890 (31%) and \$226 (32%), respectively.

We recommend the Treasurer review the requirements of Ohio Rev. Code §5705.41(B). We further recommend that the Board of Education not approve disbursements from any fund that does not have supporting appropriations

Finding #1999-10740-005

Ohio Rev. Code §5705.38 requires a School District, on or about the first day of each fiscal year, to pass an annual appropriation measure. It is also required that the measure be filed with the County Auditor.

The final appropriation measure was not adopted until April 6, 1999, and not filed with the County Auditor. There was a temporary appropriation measure adopted before the first expenditure of the fiscal year.

We recommend that the Board of Education approve the final annual appropriations measure by October 1st. We further recommend that the measure be filed with the County Auditor.

Finding #1999-10740-006

Ohio Rev. Code §5705.36 provides that on or about the first day of each fiscal year, the Treasurer shall certify to the County Auditor the total amounts from all sources available for disbursement for each fund set up in the tax budget, with any balances that may exist at the end of the preceding year.

The Treasurer did not complete the certifications for fiscal year 1999 nor were they filed with the County Auditor.

We recommend that the certification of balances be filed with the County Auditor after they are completed and that a copy with the filing date be kept for the School District's files.

Finding #1999-10740-007

Ohio Rev. Code Section 5705.412 requires the Treasurer, Superintendent and president of the Board of Education to certify that adequate revenues will be available to maintain all personnel, programs and services essential to the provision of an adequate educational program for a specified number of days. The certificates should be executed for and must be attached to all appropriation measures, negotiated agreements, contracts for benefits, wage contracts, construction contracts and other significant contracts.

Some certificates were reported in the minutes as being signed, some certificates were signed but not properly completed, some certificates did not have all of the required signatures, and no certificates were attached to the corresponding certified item. Some significant expenditures were not certified.

We recommend that a "412" certificate be completed for, and attached to all purchases or contracts that are required by law to be certified. We further recommend that the School District maintain a continuing record of contracts which have been certified and adequate documentation to substantiate the certifications. The rules for 5705.412 should be reviewed for the specific guidelines for issuing the proper certificates.

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding #1999-10740-008

Ohio Rev. Code § 5705.34 states that "... each taxing authority, by ordinance or resolution, shall authorize the necessary tax levies and certify them to the County Auditor before the first day of April in each year..."

The necessary tax rates were not authorized by the School District by resolution in the record of proceedings (minutes), and the 1999 tax rates were not completed nor were they filed with the County Auditor.

We recommend that the tax rates be authorized by the Board of Education by resolution which is noted in the records of proceedings (minutes) and that they be filed with the County Auditor before the first day of April each year.

Finding #1999-10740-009

Certificates of Availability of Funds

A School District Treasurer is required to certify the amount of resources for an order or contract has been appropriated and is available to pay said order or contract before the School District makes any such obligation of funds.

The School District certified available funds through purchase orders and encumbered those funds, however, the funds were not entered into the computer system and tracked for available appropriations. As a result, the School District's disbursements exceeded the appropriations and appropriations exceeded available resources by material amounts. In several instances, the invoice date was prior to the purchase order date and the end of the fiscal year but the purchase order was entered into the system after the fiscal year ended.

We recommend that the Treasurer continue to issue purchase orders and certify the availability of funds. It is also recommended that the encumbrances be entered into the accounting system and tracked throughout the year to ensure that appropriations are within available resources and disbursements do not exceed appropriations.

3. FINDINGS FOR FEDERAL AWARDS

The audit of Oak Hill Union Local School District, Jackson County, for the year ending June 30, 1999 contained no findings for federal awards.

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-10740-001	The Treasurer will closely monitor the posting of receipts and disbursements to ensure the appropriateness of the fund receiving and disbursing the moneys..	July 1, 1999	Deborah Ratliff, Treasurer
1999-10740-002	Due to the passage of a bond issue to build practically a new school district generally accepted accounting principles will be planned to begin in fiscal year 2001-2002	September 1, 2002	Deborah Ratliff, Treasurer
1999-10740-003	The Treasurer and Board of Education will make no appropriations unless they are supported by a certificate of estimated resources signed by the County Budget Commission.	July 1, 1999	Deborah Ratliff, Treasurer and the Board of Education
1999-10740-004	Disbursements will be monitored and not made without supporting appropriations.	July 1, 1999	Deborah Ratliff, Treasurer and the Board of Education
1999-10740-005	The annual appropriation measure for each fiscal year will be approved by the Board of Education in September each year and promptly filed with the County Auditor	September 24, 1999	Deborah Ratliff, Treasurer and the Board of Education
1999-10740-006	A Certificate of Total Amounts of Resources Available was prepared and filed in the County Auditors office July 1999	July 1999	Deborah Ratliff, Treasurer
1999-10740-007	412 certificates have been carefully prepared and attached to all necessary contracts. A separate file is being maintained with 412 certificates also attached to purchase orders for required contracts.	July 1999	Deborah Ratliff, Treasurer
1999-10740-008	Tax rates will be authorized by the Board of Education by resolution which is noted in the minutes and will be filed with the County Auditor before the first day of April each year. The 1999 tax rates were authorized in August 1999.	August 1999	Deborah Ratliff, Treasurer
1999-10740-009	The Treasurer will issue purchase orders and certify the availability of funds.	July 1999	Deborah Ratliff, Treasurer



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OAK HILL LOCAL SCHOOL DISTRICT

JACKSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 1, 2000**