



**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS 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

Trimble Local School District
Athens County
One Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Trimble Local School District, Athens County, Ohio, (the School District) 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 School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

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

As described in Note 3 to the general purpose financial statements, during 1999 the School District implemented Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

February 8, 2000

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$401,927	\$180,056	\$275,910	\$98,689
Cash and Cash Equivalents: In Segregated Accounts With Fiscal and Escrow Agents		606	34,463	
Investments				
Receivables:				
Property Taxes	511,732	12,174	83,122	
Income Taxes	4,519			
Accounts	98	617		
Intergovernmental	8,359	2,648		
Interfund	971			
Due from Other Funds	203			
Prepaid Items	10,779			
Inventory Held for Resale				
Materials and Supplies Inventory	5,718			
Restricted Cash and Cash Equivalents	84,936			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Bonds Payable				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$1,029,242	\$196,101	\$393,495	\$98,689

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

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$7,657	\$12,930			\$977,169
				606
				34,463
	12,253			12,253
				607,028
				4,519
				715
1,262				12,269
				971
245				448
				10,779
7,704				7,704
1,482				7,200
				84,936
174,661		\$10,913,488		11,088,149
			\$279,059	279,059
			832,608	832,608
<u>\$193,011</u>	<u>\$25,183</u>	<u>\$10,913,488</u>	<u>\$1,111,667</u>	<u>\$13,960,876</u>

(Continued)

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$24,503	\$3,912		
Contracts Payable				\$47,734
Accrued Wages and Benefits Payable	567,500	92,902		
Compensated Absences Payable	8,260			
Retainage Payable				9,559
Interfund Payable		971		
Due to Other Funds		448		
Intergovernmental Payable	88,051	15,392		
Deferred Revenue	488,137	12,073	\$79,873	
Due to Students				
Matured Bonds Payable			30,000	
Matured Interest Payable			4,463	
General Obligation Bonds Payable				
Total Liabilities	<u>1,176,451</u>	<u>125,698</u>	<u>114,336</u>	<u>57,293</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balances:				
Reserved for Encumbrances	21,692	11,001	100	9
Reserved for Contributions				
Reserved for Inventory	5,718			
Reserved for Property Taxes	18,076		2,645	
Reserved for School Bus Purchases	11,892			
Reserved for Capital Improvements	6,496			
Reserved for Budget Stabilization	66,548			
Unreserved:				
Undesignated (Deficit)	<u>(277,631)</u>	<u>59,402</u>	<u>276,414</u>	<u>41,387</u>
Total Fund Equity and Other Credits	<u>(147,209)</u>	<u>70,403</u>	<u>279,159</u>	<u>41,396</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$1,029,242</u>	<u>\$196,101</u>	<u>\$393,495</u>	<u>\$98,689</u>

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

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$590				\$29,005
				47,734
22,538				682,940
7,173			\$528,491	543,924
				9,559
				971
				448
9,959			54,176	167,578
5,385				585,468
	\$11,430			11,430
				30,000
				4,463
			529,000	529,000
45,645	11,430	0	1,111,667	2,642,520
		\$10,913,488		10,913,488
235,127				235,127
(87,761)				(87,761)
				32,802
	7,890			7,890
				5,718
				20,721
				11,892
				6,496
				66,548
	5,863			105,435
147,366	13,753	10,913,488	0	11,318,356
\$193,011	\$25,183	\$10,913,488	\$1,111,667	\$13,960,876

**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	
Revenues:					
Income Taxes	\$12,839				\$12,839
Property Taxes	459,775	\$10,656	\$64,394		534,825
Intergovernmental	4,771,004	1,016,703	12,677	\$384,550	6,184,934
Interest	72,809				72,809
Tuition and Fees	23,473				23,473
Extracurricular Activities		47,286			47,286
Miscellaneous	81,896	41,156			123,052
Total Revenues	5,421,796	1,115,801	77,071	384,550	6,999,218
Expenditures:					
Instruction:					
Regular	2,480,611	494,179			2,974,790
Special	777,303	339,288			1,116,591
Vocational	144,131	99			144,230
Other	83,081	138			83,219
Support Services:					
Pupils	187,083	93,536			280,619
Instructional Staff	261,375	120,665			382,040
Board of Education	18,546	7			18,553
Administration	585,156	20,329			605,485
Fiscal	141,489	2,807	2,454		146,750
Operation and Maintenance of Plant	548,177	15,109			563,286
Pupil Transportation	438,738	4,567			443,305
Central	5,600	953			6,553
Operation of Noninstructional Services	60				60
Extracurricular Activities	19,261	120,079			139,340
Capital Outlay				496,193	496,193
Refund of Property Taxes	1,412				1,412
Debt Service:					
Principal Retirement	22,530	21,207	67,000		110,737
Interest and Fiscal Charges	845		52,555		53,400
Total Expenditures	5,715,398	1,232,963	122,009	496,193	7,566,563
Excess of Revenues Over (Under) Expenditures	<u>(293,602)</u>	<u>(117,162)</u>	<u>(44,938)</u>	<u>(111,643)</u>	<u>(567,345)</u>
Other Financing Sources (Uses):					
Operating Transfers In		64,000	32,724		96,724
Operating Transfers Out	(96,724)				(96,724)
Total Other Financing Sources (Uses)	<u>(96,724)</u>	<u>64,000</u>	<u>32,724</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Financing Sources Over (Under) Expenditures and Other Financing Uses	(390,326)	(53,162)	(12,214)	(111,643)	(567,345)
Fund Balances at Beginning of Year	244,811	123,565	291,373	153,039	812,788
(Decrease) in Reserve for Inventory	(1,694)				(1,694)
Fund Balances (Deficit) at End of Year	<u>(\$147,209)</u>	<u>\$70,403</u>	<u>\$279,159</u>	<u>\$41,396</u>	<u>\$243,749</u>

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

**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			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Income Taxes	\$468,521	\$58,306	(\$410,215)			\$0
Property Taxes	460,000	459,375	(625)		\$10,555	10,555
Intergovernmental	4,906,042	4,790,035	(116,007)	\$1,137,700	1,014,055	(123,645)
Interest	98,427	72,809	(25,618)			0
Tuition and Fees	30,013	23,524	(6,489)			0
Extracurricular Activities			0	67,600	47,974	(19,626)
Miscellaneous	54,300	66,819	12,519	34,800	41,074	6,274
Total Revenues	6,017,303	5,470,868	(546,435)	1,240,100	1,113,658	(126,442)
Expenditures:						
Instruction:						
Regular	2,552,176	2,552,176	0	475,851	475,851	0
Special	775,829	775,829	0	360,970	360,970	0
Vocational	142,885	142,885	0	99	99	0
Other	83,081	83,081	0	138	138	0
Support Services						
Pupils	184,809	184,809	0	91,909	91,909	0
Instructional Staff	265,110	265,110	0	121,412	121,412	0
Board of Education	23,823	23,823	0	7	7	0
Administration	582,500	582,500	0	20,128	20,128	0
Fiscal	143,924	143,924	0	2,837	2,837	0
Operation and Maintenance of Plant	553,871	553,871	0	10,301	10,301	0
Pupil Transportation	432,892	432,892	0	4,567	4,567	0
Central	5,601	5,601	0	1,227	1,227	0
Operation of Noninstructional Services	60	60	0			0
Extracurricular Activities	19,265	19,265	0	119,770	119,770	0
Capital Outlay			0			0
Debt Service:						
Principal Retirement			0			0
Interest and Fiscal Charges			0			0
Total Expenditures	5,765,826	5,765,826	0	1,209,216	1,209,216	0
Excess of Revenues Over (Under) Expenditures	251,477	(294,958)	(546,435)	30,884	(95,558)	(126,442)
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	8,000	7,329	(671)	53		(53)
Refund of Prior Year Receipts	(1,412)	(1,412)	0	(19,964)	(19,964)	0
Advances In	5,000	226	(4,774)	300	971	671
Advances Out	(971)	(971)	0	(226)	(226)	0
Operating Transfers In			0	60,000	64,000	4,000
Operating Transfers Out	(96,724)	(96,724)	0			0
Total Other Financing Sources (Uses)	(86,107)	(91,552)	(5,445)	40,163	44,781	4,618
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	165,370	(386,510)	(551,880)	71,047	(50,777)	(121,824)
Fund Balances at Beginning of Year	789,010	789,010	0	199,265	199,265	0
Prior Year Encumbrances Appropriated	60,644	60,644	0	18,032	18,032	0
Fund Balances at End of Year	\$1,015,024	\$463,144	(551,880)	\$288,344	\$166,520	(\$121,824)

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

**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)**

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Income Taxes			\$0			\$0
Property Taxes	\$15,000	\$64,342	49,342			0
Intergovernmental	0	12,677	12,677	\$380,513	\$384,549	4,036
Interest			0			0
Tuition and Fees			0			0
Extracurricular Activities			0			0
Miscellaneous			0			0
Total Revenues	15,000	77,019	62,019	380,513	384,549	4,036
Expenditures:						
Instruction:						
Regular			0			0
Special			0			0
Vocational			0			0
Other			0			0
Support Services						
Pupils			0			0
Instructional Staff			0			0
Board of Education			0			0
Administration			0			0
Fiscal	2,554	2,554	0			0
Operation and Maintenance of Plant			0			0
Pupil Transportation			0			0
Central			0			0
Operation of Noninstructional Services			0			0
Extracurricular Activities			0			0
Capital Outlay			0	436,864	440,226	(3,362)
Debt Service:						
Principal Retirement	67,000	67,000	0			0
Interest and Fiscal Charges	52,555	52,555	0	0	0	0
Total Expenditures	122,109	122,109	0	436,864	440,226	(3,362)
Excess of Revenues Over (Under) Expenditures	(107,109)	(45,090)	62,019	(56,351)	(55,677)	674
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures			0			0
Refund of Prior Year Receipts			0			0
Advances In			0			0
Advances Out			0			0
Operating Transfers In	35,000	32,724	(2,276)	75,000		(75,000)
Operating Transfers Out			0			0
Total Other Financing Sources (Uses)	35,000	32,724	(2,276)	75,000	0	(75,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(72,109)	(72,109)	0	(72,109)	(72,109)	0
Fund Balances at Beginning of Year	288,176	288,176	0	153,507	153,507	0
Prior Year Encumbrances Appropriated			0	850	850	0
Fund Balances at End of Year	\$216,067	\$216,067	\$0	\$82,248	\$82,248	\$0

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

**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)**

	<u>Totals (Memorandum Only)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Income Taxes	\$468,521	\$58,306	(\$410,215)
Property Taxes	465,000	534,272	69,272
Intergovernmental	6,434,255	6,201,316	(232,939)
Interest	98,427	72,809	(25,618)
Tuition and Fees	30,013	23,524	(6,489)
Extracurricular Activities	67,600	47,974	(19,626)
Miscellaneous	89,100	107,893	18,793
Total Revenues	<u>7,652,916</u>	<u>7,046,094</u>	<u>(606,822)</u>
Expenditures:			
Instruction:			
Regular	3,028,027	3,028,027	0
Special	1,136,799	1,136,799	0
Vocational	142,984	142,984	0
Other	83,219	83,219	0
Support Services			
Pupils	276,718	276,718	0
Instructional Staff	386,522	386,522	0
Board of Education	23,830	23,830	0
Administration	602,628	602,628	0
Fiscal	149,315	149,315	0
Operation and Maintenance of Plant	564,172	564,172	0
Pupil Transportation	437,459	437,459	0
Central	6,828	6,828	0
Operation of Noninstructional Services	60	60	0
Extracurricular Activities	139,035	139,035	0
Capital Outlay	436,864	440,226	(3,362)
Debt Service:			
Principal Retirement	67,000	67,000	0
Interest and Fiscal Charges	52,555	52,555	0
Total Expenditures	<u>7,534,015</u>	<u>7,537,377</u>	<u>(3,362)</u>
Excess of Revenues Over (Under) Expenditures	<u>118,901</u>	<u>(491,283)</u>	<u>(610,184)</u>
Other Financing Sources (Uses):			
Refund of Prior Year Expenditures	8,053	7,329	(724)
Refund of Prior Year Receipts	(21,376)	(21,376)	0
Advances In	5,300	1,197	(4,103)
Advances Out	(1,197)	(1,197)	0
Operating Transfers In	170,000	96,724	(73,276)
Operating Transfers Out	(96,724)	(96,724)	0
Total Other Financing Sources (Uses)	<u>64,056</u>	<u>(14,047)</u>	<u>(78,103)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>182,957</u>	<u>(505,330)</u>	<u>(688,287)</u>
Fund Balances at Beginning of Year	1,429,958	1,429,958	0
Prior Year Encumbrances Appropriated	79,526	79,526	0
Fund Balances at End of Year	<u>\$1,692,441</u>	<u>\$1,004,154</u>	<u>(\$688,287)</u>

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

**COMBINED STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Sales	\$112,100		\$112,100
Interest		\$716	716
Other Revenues	645	1,214	1,859
Total Operating Revenues	<u>112,745</u>	<u>1,930</u>	<u>114,675</u>
Operating Expenses:			
Salaries	127,727		127,727
Fringe Benefits	58,337		58,337
Purchased Services	3,196		3,196
Materials and Supplies	41,914		41,914
Cost of Sales	108,555		108,555
Other	440	1,500	1,940
Depreciation	6,640		6,640
Total Operating Expenses	<u>346,809</u>	<u>1,500</u>	<u>348,309</u>
Operating Income (Loss)	<u>(234,064)</u>	<u>430</u>	<u>(233,634)</u>
Non-Operating Revenues:			
Federal Donated Commodities	20,032		20,032
Operating Grants	192,581		192,581
Total Non-Operating Revenues	<u>212,613</u>	<u>0</u>	<u>212,613</u>
Net Income (Loss)	(21,451)	430	(21,021)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(66,310)</u>	<u>13,323</u>	<u>(52,987)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	<u>(87,761)</u>	<u>13,753</u>	<u>(74,008)</u>
Contributed Capital at Beginning and End of Year	<u>235,127</u>	<u></u>	<u>235,127</u>
Total Fund Equity at End of Year	<u>\$147,366</u>	<u>\$13,753</u>	<u>\$161,119</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Enterprise Funds			Non-Expendable Trust Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$117,550	\$111,898	(\$5,652)			\$0
Interest			0	\$800	\$716	(84)
Other Revenues	1,000	645	(355)	1,500	1,214	(286)
Operating Grants	191,500	191,319	(181)			0
Total Revenues	310,050	303,862	(6,188)	2,300	1,930	(370)
Expenses:						
Salaries	122,147	122,147	0			0
Fringe Benefits	67,741	67,741	0			0
Purchased Services	3,071	3,071	0			0
Materials and Supplies	130,099	130,099	0			0
Other	440	440	0	1,500	1,500	0
Total Expenses	323,498	323,498	0	1,500	1,500	0
Excess of Revenues Over (Under) Expenses	(13,448)	(19,636)	(6,188)	800	430	(370)
Fund Equity at Beginning of Year	27,276	27,276	0	13,323	13,323	0
Unexpended Prior Year Encumbrances	17	17	0			0
Fund Equity at End of Year	\$13,845	\$7,657	(\$6,188)	\$14,123	\$13,753	(\$370)

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

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$117,550	\$111,898	(\$5,652)
Interest	800	716	(84)
Other Revenues	2,500	1,859	(641)
Operating Grants	191,500	191,319	(181)
Total Revenues	312,350	305,792	(6,558)
Expenses:			
Salaries	122,147	122,147	0
Fringe Benefits	67,741	67,741	0
Purchased Services	3,071	3,071	0
Materials and Supplies	130,099	130,099	0
Other	1,940	1,940	0
Total Expenses	324,998	324,998	0
Excess of Revenues Over (Under) Expenses	(12,648)	(19,206)	(6,558)
Fund Equity at Beginning of Year	40,599	40,599	0
Unexpended Prior Year Encumbrances	17	17	0
Fund Equity at End of Year	\$27,968	\$21,410	(\$6,558)

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

**COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Non- Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$111,898		\$111,898
Other Operating Revenue	645	\$1,214	1,859
Cash Payments to Suppliers	(133,170)		(133,170)
Cash Payments for Scholarships		(1,500)	(1,500)
Cash Payments for Employee Services	(122,147)		(122,147)
Cash Payments for Employee Benefits	(67,741)		(67,741)
Other Operating Expenses	(440)		(440)
Net Cash Provided by Operating Activities	<u>(210,955)</u>	<u>(286)</u>	<u>(211,241)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	<u>191,319</u>		<u>191,319</u>
Net Cash Used for Noncapital Financing Activities	<u>191,319</u>	<u>0</u>	<u>191,319</u>
Cash Flows from Investing Activities:			
Proceeds on Sale of Investments		13,323	13,323
Purchase of Investments		(12,253)	(12,253)
Interest		716	716
Net Cash Provided by Investing Activities	<u>0</u>	<u>1,786</u>	<u>1,786</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,636)	1,500	(18,136)
Cash and Cash Equivalents at Beginning of Year	<u>27,293</u>	<u>0</u>	<u>27,293</u>
Cash and Cash Equivalents at End of Year	<u>\$7,657</u>	<u>\$1,500</u>	<u>\$9,157</u>

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

(Continued)

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)

	Proprietary Fund Type	Fiduciary Fund Type		Totals (Memorandum Only)
	Enterprise	Non- Expendable Trusts		
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:				
Operating Income (Loss)	(\$234,064)	\$430		(\$233,634)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation Expense	6,640			6,640
Donated Commodities Used During the Year	20,032			20,032
Interest Income		(716)		(716)
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	43			43
Increase in Due from Other Funds	(245)			(245)
Decrease in Inventory Held for Resale	294			294
Increase in Materials and Supplies Inventory	(204)			(204)
Increase in Accounts Payable	373			373
Decrease in Accrued Wages and Benefits Payable	(1,959)			(1,959)
Decrease in Compensated Absences Payable	(3,756)			(3,756)
Increase in Intergovernmental Payables	1,891			1,891
Total Adjustments	23,109	(716)		22,393
Net Cash Provided by Operating Activities	(\$210,955)	(\$286)		(\$211,241)
Reconciliation:				
Cash and Cash Equivalents - All Fiduciary Funds				\$12,930
Cash and Cash Equivalents - All Agency Funds				(11,430)
Cash and Cash Equivalents - All Non-Expendable Trust Funds				\$1,500

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Trimble 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 three instructional/support facilities staffed by 50 classified employees, 86 certified teaching personnel, and 4 administrators, who provide services to 1,138 students and other community members.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure 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 the 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. The School District has no component units.

The School District is associated with the Southeast Ohio Voluntary Educational Consortium, the Tri-County Joint Vocational School District, the Athens County School Employees Health and Welfare Benefit Association, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 19 and 20.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 prior to November 30, 1989, to proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

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

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

1. 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 the proprietary and trust 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 amounts relating to major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

The debt service funds 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

The capital project 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 and trust funds).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (Continued)

2. Proprietary Fund Type:

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

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing 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.

3. Fiduciary Fund Types:

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

4. Account Groups:

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

General Fixed Assets Account Group

This account group is used to account for all general fixed assets of the School District other than those accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is used to account for all unmatured long-term indebtedness of the School District that is not a specific liability of proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is typically 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 the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current 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: taxpayer-assessed income taxes, 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 obligations, have been recorded as a receivable and deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each fund, except for the General Fund, which is adopted at the object level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures for all funds (except agency funds), which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Appropriations (Continued)

The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. 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 other than agency funds, consistent with statutory provisions. Prior to year-end, the School District adopted appropriation amendments that reflected actual expenditures plus encumbrances.

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. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and are reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" and represents deposits. The School District has a segregated bank account for monies held separate from the School District's central bank account. This non-interest bearing depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents (Continued)

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

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 \$72,809, which includes \$37,196 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 an original maturity 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 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. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund type when used. Reported materials 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, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 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 are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are valued at their estimated fair market value on the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation (Continued)

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

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- Community Preschool Grant
- School Bus Purchase

Non-Reimbursable Grants

Special Revenue Funds

- Community Education
- Venture Capital
- Education Management Information Systems
- Professional Development Block Grant
- PRAXIS III
- Elementary Health Grant
- Wellness Block Grant
- OACHE
- Conflict Management Grant
- Learn and Serve America
- Instructional Material Subsidy
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Title VI-B
- Eisenhower
- Drug Free Schools
- Handicapped Preschool
- Systems Change Project
- Goals 2000 Intervention
- Goals 2000 Venture Partner
- Nutrition and Education Training

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants (Continued)

Capital Projects Funds

Technology Equity
School Net
School Net Plus

Reimbursable Grants

General Fund

Driver Education

Special Revenue Funds

School to Work
Federal Emergency Management Assistance

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 88 percent of governmental fund revenue during the 1999 fiscal year.

I. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

J. Compensated Absences

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

K. 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 and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than sixty days after year end are considered not to have been paid using current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

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

L. Interfund Transactions

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

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

M. 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 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for 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 are established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, capital acquisition, school bus purchases and contributions.

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

P. Contributed Capital

Contributed capital represents resources from other funds provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. The amount of contributed capital did not change during fiscal year 1999.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

Q. Total Columns on General Purpose Financial Statements

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

3. CHANGES IN ACCOUNTING PRINCIPLE

GASB Statement No 32, "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*" provides accounting for deferred compensation plans. The School District participates in the Ohio Public Employees Deferred Compensation Program. During 1998, the Ohio Public Employees Deferred Compensation Board 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.

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

4. ACCOUNTABILITY AND COMPLIANCE

A. Fund Deficits

At June 30, 1999, the General Fund, and the Disadvantaged Pupil Impact Aid and Title I Special Revenue Funds had deficit fund balances of \$147,209, \$38,778 and \$26,940, respectively, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service Enterprise Fund had deficit retained earnings of \$88,066 due primarily to the recognition of contributed capital in accordance with generally accepted accounting principles.

B. Legal Compliance

Contrary to Section 5705.41, Ohio Revised Code, the Permanent Improvement Capital Projects Fund's Capital Outlay account had expenditures plus encumbrances in excess of appropriations in the amount of \$3,362.

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 basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type and Nonexpendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- c. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
- d. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	(\$390,326)	(\$53,162)	(\$12,214)	(\$111,643)
Revenue Accruals	56,401	(2,143)	(52)	0
Advances In	226	971	0	0
Expenditure Accruals	(28,133)	17,319	0	55,975
Advances Out	(971)	(226)	0	0
Encumbrances	<u>(23,707)</u>	<u>(13,536)</u>	<u>(100)</u>	<u>(9)</u>
Budget Basis	<u>(\$386,510)</u>	<u>(\$50,777)</u>	<u>(\$12,366)</u>	<u>(\$55,677)</u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses
Proprietary Funds Type and Nonexpendable Trust Funds

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
GAAP Basis	(\$21,451)	\$430
Revenue Accruals	(1,464)	0
Expense Accruals	(3,361)	0
Depreciation Expense	<u>6,640</u>	<u>0</u>
Budget Basis	<u>(\$19,636)</u>	<u>\$430</u>

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 or deposit accounts including pass book accounts.

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

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 moneys deposited with the institution.

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

- a. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United State Treasury or any other obligation guaranteed as to principal and interest by the United States;
- b. 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;
- c. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds 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;
- d. Bonds and other obligations of the State of Ohio;
- e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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; and,
- f. The State Treasurer's investment pool (STAR Ohio).
- g. 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
- h. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At year end, the School District had \$2,680 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

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

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

6. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At year end, the carrying amount of the School District's deposits was \$92,951 and the bank balance was \$200,748. Of the bank balance, \$112,753 was covered by federal depository insurance and \$87,995 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions' trust department and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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. STAROhio is not classified since it is not evidenced by securities that exist in physical or book-entry form. The fair value of the investment in STAROhio at June 30, 1999, was \$1,013,796.

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:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$1,097,174	\$12,253
Cash on Hand	(2,680)	0
Investments:		
STAROhio	(1,013,796)	1,013,796
Certificates of Deposit	<u>12,253</u>	<u>(12,253)</u>
Total	<u>\$92,951</u>	<u>\$1,013,796</u>

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. Real property taxes are levied on April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

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

7. PROPERTY TAXES (Continued)

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied on April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second-Half Collections		1999 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$19,556,970	81.84%	\$19,814,530	82.55%
Public Utility	3,549,220	14.85%	3,514,540	14.64%
Tangible Personal Property	789,555	3.31%	673,682	2.81%
Total Assessed Value	<u>\$23,895,745</u>	<u>100.00%</u>	<u>\$24,002,752</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$30.90		\$30.90	

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. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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.

The School District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties 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 fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$18,076 in the General Fund and \$2,645 in the Debt Service Fund. These amounts are recognized as revenue.

8. INCOME TAX

The School District levied a voted tax of 1.25 percent for general operations on the income of residents and of estates which expired on December 30, 1997. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

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

9. RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (billings for user charged services and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables:</u>	<u>Amount</u>
General Fund:	
Preschool Reimbursement	\$7,401
Transportation	490
Foundation Adjustments	377
Substitutes	61
Other Reimbursements	30
Total General Fund	<u>8,359</u>
Special Revenue Funds:	
School-to-Work	2,097
Federal Emergency Management Assistance	551
Total Special Revenue Funds	<u>2,648</u>
Enterprise Funds:	
Food Service Fund - National School Lunch Reimbursement	<u>1,262</u>
Grand Total	<u><u>\$12,269</u></u>

10. FIXED ASSETS

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

Furniture and Equipment	\$253,420
Less: Accumulated Depreciation	<u>(78,759)</u>
Net Fixed Assets	<u><u>\$174,661</u></u>

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

10. FIXED ASSETS (Continued)

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

	Balance <u>June 30, 1998</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 1999</u>
Land	\$514,777	\$0	\$0	\$514,777
Buildings	7,316,956	373,297	0	7,690,253
Furniture, Fixtures and Equipment	1,815,547	122,139	40,260	1,897,426
Vehicles	777,570	33,462	0	811,032
Total	<u>\$10,424,850</u>	<u>\$528,898</u>	<u>\$40,260</u>	<u>\$10,913,488</u>

11. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the School District had coverages as follows:

	<u>Limit</u>	<u>Deductible</u>
Property Insurance - Reed & Baur, Inc.		
Building and Contents - Replacement Cost	\$11,975,965	\$500
Inland Marine	3,972	500
Boiler and Machinery	2,000,000	500
Crime Insurance	5,000	
Fleet Insurance - Nationwide Insurance Co.		
Automobile Liability - Bodily Injury	\$1,000,000 each person	
	1,000,000 each accident	
Property Damage	1,000,000 each accident	
Uninsured Motorists	100,000 each person	
	300,000 each accident	
Liability Insurance - Nationwide Insurance Co.	1,000,000 each occurrence	
	5,000,000 aggregate	

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

B. Workers' Compensation

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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

11. RISK MANAGEMENT (Continued)

B. Workers' Compensation (Continued)

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

12. DEFINED BENEFIT PENSION PLANS

A. 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 administered by the State Teachers Retirement Board. STRS provides 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 43215-3371.

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 ended June 30, 1998, 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 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 \$164,482, \$357,791, and \$339,972, respectively; 88.19 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for the fiscal years 1998 and 1997. \$19,419, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

B. 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 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 rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.7 percent was the portion 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 statutory maximum amounts, by the SERS Retirement Board.

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System (Continued)

The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$68,061, \$81,134, and \$78,029, respectively; 40.41 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for the fiscal years 1998 and 1997. \$40,559, 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.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care 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 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 \$219,309 during 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 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 employers' 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 has been 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 \$67,488.

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

13. POSTEMPLOYMENT BENEFITS (Continued)

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 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.

14. 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 ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers 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 sick leave accrual. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for certified employees and 45 days for classified employees.

B. Insurance Benefits

The School District provides health and major medical insurance for all eligible employees. The School District pays the full monthly premiums for family coverage and for individual coverage. Premiums are paid from the same funds that pay the employees' salaries. The School District also provides prescription drug insurance to its employees through Community Mutual Insurance Company. This plan utilizes a \$2 per prescription deductible.

The School District provides life insurance to employees through CoreSource in the amount of \$10,000 for all employees.

Dental coverage is provided through CoreSource. Monthly premiums for family and single coverage are \$12.47 for classified employees and \$30.38 for certified employees.

C. Early Retirement Incentive

The School District Board of Education approved an Early Retirement Incentive program for certificated staff. Participation was open to employees who were at least fifty years old and qualified for retirement with the years purchased by the Board. The Board agreed to purchase two years of credit. The Board limited the number of employees participating in the plan in any one year to ten certificated employees. The Board had the option of paying the liability in its entirety or in installments. Early retirement incentive payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

D. 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.

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

14. EMPLOYEE BENEFITS (Continued)

D. Deferred Compensation (Continued)

For fiscal year 1999, the School District implemented Governmental Accounting Standards Board Statement No. 2 "*Financial Reporting of Deferred Compensation Plans Adopted Under the Provisions of Internal Revenue Code Section 457.*" 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 Board established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999, were as follows:

	Outstanding <u>6/30/98</u>	<u>Additions</u>	<u>Reductions</u>	Outstanding <u>6/30/99</u>
General Obligation Bonds:				
School Facilities Loan Obligation - 9.75%	\$515,000	\$0	\$40,000	\$475,000
Bus Purchase Obligation - 5.3%	<u>81,000</u>	<u>0</u>	<u>27,000</u>	<u>54,000</u>
Total General Obligation Bonds	596,000	0	67,000	529,000
Early Retirement Incentive	0	43,737	43,737	0
Compensated Absences	464,745	84,869	21,123	528,491
Pension Obligation	<u>36,462</u>	<u>54,176</u>	<u>36,462</u>	<u>54,176</u>
Total Long-Term Obligations	<u>\$1,097,207</u>	<u>\$182,782</u>	<u>\$168,322</u>	<u>\$1,111,667</u>

School Facilities General Obligation Bonds - On October 1, 1985, the School District issued \$955,000 in voted general obligation bonds for the purpose of construction of school buildings. The bonds were issued for a 25 year period with final maturity at December 1, 2009. The bonds will be retired from the Debt Service Fund.

Bus Purchase General Obligation Bonds - On September 1, 1995, Trimble Local School District issued \$135,000 in unvoted general obligation bonds for the purpose of purchasing school buses. The bonds were issued for a 5 year period with final maturity at September 1, 2000. The bonds will be retired from the Debt Service Fund.

School Facilities Loan - On May 13, 1985, the School District received \$4,327,815 for construction of a new high school and improvements under the State's Classroom Facilities Program. Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Generally, the School District repays the State for its contributions by levying an additional property tax of one-half mill for a twenty-three year period. The School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$4,327,815 to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires.

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

15. LONG-TERM OBLIGATIONS (Continued)

If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution. Based on the School District's adjusted valuation relative to the state-wide median adjusted valuation, this possibility appears remote.

Compensated absences, early retirement incentives and the pension obligation will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$2,439,407 with an unvoted debt margin of \$24,003 at June 30, 1999.

Principal and interest requirements to retire the General Obligation Bonds outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2000	\$67,000	\$47,225	\$114,225
2001	67,000	41,894	108,894
2002	40,000	36,563	76,563
2003	40,000	32,663	72,663
2004	45,000	28,519	73,519
2005 - 2010	<u>270,000</u>	<u>78,976</u>	<u>348,976</u>
Total	<u>\$529,000</u>	<u>\$265,840</u>	<u>\$794,840</u>

16. INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$203	\$0
<u>Special Revenue Funds</u>		
OACHE Grant	0	245
Eisenhower Grant	0	138
School-to-Work	<u>0</u>	<u>65</u>
Total Special Revenue Funds	0	448
Enterprise Funds:		
Food Service Fund	<u>245</u>	<u>0</u>
Total	<u>\$448</u>	<u>\$448</u>

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

16. INTERFUND ACTIVITY (Continued)

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$971	\$0
<u>Special Revenue Funds</u>		
Athletic and Music	0	233
Public School Support	<u>0</u>	<u>738</u>
Total Special Revenue Funds	<u>0</u>	<u>971</u>
Total	<u>\$971</u>	<u>\$971</u>

17. SET-ASIDE CALCULATION 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 School District also receives resources from the State of Ohio which are restricted by State law for the purchase of school buses. The balance of this allocation is also reflected as a reservation of the fund balance in the General Fund at fiscal year end.

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>Budget Stabilization Reserve</u>	<u>Capital Improvements Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>	<u>Total</u>
Set-aside Cash Balance as of June 30, 1998	\$32,643	\$0	\$0	\$32,643
Current Year Set-Aside Requirement	33,905	67,808	67,808	169,521
Current Year Offsets	0	(12,466)	(13,800)	(26,266)
Qualifying Disbursements	<u>0</u>	<u>(48,846)</u>	<u>(58,153)</u>	<u>(106,999)</u>
Total	<u>\$66,548</u>	<u>\$6,496</u>	<u>(\$4,145)</u>	<u>\$68,899</u>
Cash Balance Carried Forward to Fiscal Year 2000	<u>\$66,548</u>	<u>\$6,496</u>	<u>\$0</u>	\$73,044
Amount Restricted for Bus Purchases				<u>11,892</u>
Total Restricted Assets				<u>\$84,936</u>

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

17. SET-ASIDE CALCULATION AND FUND RESERVES (Continued)

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements in future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the year ended June 30, 1999:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$112,379	\$366	\$112,745
Operating Expenses Before Depreciation	339,803	366	340,169
Depreciation	6,640	0	6,640
Operating Loss	(234,064)	0	(234,064)
Donated Commodities	20,032	0	20,032
Operating Grants	192,581	0	192,581
Net Loss	(21,451)	0	(21,451)
Net Working Capital	(20,779)	305	(20,474)
Total Assets	192,706	305	193,011
Long-Term Compensated Absences	6,821	0	6,821
Total Equity	147,061	305	147,366

19. JOINTLY GOVERNED ORGANIZATIONS

A. Southeast Ohio Voluntary Educational Consortium (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

B. Tri-County Joint Vocational School District

The Tri-County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Tri-County Joint Vocational School District, Elizabeth Snyder, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

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

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Athens County School Employees Health and Welfare Benefit Association

The School District is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and CoreSource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

D. The Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

20. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

21. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$3,517,111 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional. The classroom facilities program provided money to build a school and make improvements to facilities. As of June 30, 1999, the School District had received a total of \$4,327,815 under this program.

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

21. STATE SCHOOL FUNDING DECISION (Continued)

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.

22. 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

As of June 30, 1999, the School District was not currently party to any legal proceedings.

23. 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 government's operations.

As of February 8, 2000, the School District has completed an inventory of mission-critical computer and other equipment necessary to conducting School District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting. The School District has two buildings with power, heating and air conditioning systems which have extensive efficiency utilization measures with these systems.

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.

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 nonfinancial information about the Educational Service Center through EMIS. The State is responsible for remediating these systems.

Athens County distributes a substantial sum of money to the School District in the form of property tax payments. The County is responsible for remediating this system.

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

23. YEAR 2000 ISSUE (Continued)

To the best of management's knowledge and belief, as of February 8, 2000, the School District experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issue. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the School District does business may also experience Year 2000 readiness issues that are as yet, unknown.

24. SUBSEQUENT EVENTS

On November 22, 1999, the Board of Education of the School District authorized the issuance of \$965,000 in bond anticipation notes for construction and renovation of the School District's educational buildings. The note proceeds were received by the School District on December 16, 1999.

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Pass-Through State Department of Education</i>						
Food Distribution Program	10.550	N/A	\$0	\$19,401	\$0	\$20,032
Child Nutrition Cluster:						
School Breakfast Program	10.553	05-PU-98	7,204	0	7,204	0
		05-PU-99	46,826	0	46,826	0
Total School Breakfast Program			54,030	0	54,030	0
National School Lunch Program	10.555	03-PU-98	2,889	0	2,889	0
		04-PU-98	14,692	0	14,692	0
		03-PU-99	17,487	0	17,487	0
		04-PU-99	88,956	0	88,956	0
Total National School Lunch Program			124,024	0	124,024	0
Total Child Nutrition Cluster			178,054	0	178,054	0
Total United States Department of Agriculture			178,054	19,401	178,054	20,032
UNITED STATES DEPARTMENT OF LABOR						
<i>Pass-Through State Department of Education</i>						
Employment Services and Job Training Pilot and Demonstration Program	17.249	WK-BE-97	0	0	13,549	0
		WK-BE-98	30,226	0	26,055	0
Total Employment Services and Job Training Pilot and Demonstration Program			30,226	0	39,604	0
Total United States Department of Labor			30,226	0	39,604	0
FEDERAL EMERGENCY MANAGEMENT AGENCY						
<i>Pass-Through State Emergency Management Agency</i>						
Federal Disaster Assistance Program	83.544	DR-1227	0	0	4,869	0
Total Federal Emergency Management Agency			0	0	4,869	0
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Pass-Through State Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-S1-98	142,974	0	163,380	0
		C1-S1-99	259,480	0	233,171	0
Total Title I Grants to Local Educational Agencies			402,454	0	396,551	0
Special Education Cluster:						
Special Education - Grants to States	84.027	6B-SF-97	3,312	0	13,682	0
		6B-SF-98	63,937	0	51,609	0
Total Special Education - Grants to States			67,249	0	65,291	0
Special Education Preschool Grant	84.173	PG-S1-97	0	0	1,062	0
		PG-S1-98	9,126	0	8,106	0
Total Special Education Preschool Grant			9,126	0	9,168	0
Total Special Education Cluster			76,375	0	74,459	0
Safe and Drug-Free Schools and Communities	84.186	DR-S1-97	0	0	676	0
		DR-S1-98	1,285	0	6,276	0
		DR-S1-99	13,143	0	9,708	0
Total Safe and Drug-Free Schools and Communities			14,428	0	16,660	0

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
UNITED STATES DEPARTMENT OF EDUCATION (Continued)						
<i>Pass-Through State Department of Education (Continued)</i>						
Goals 2000 - State and Local						
Education Systemic Improvement Grant	84.276	G2-S2-96	(\$6,325)	\$0	\$2,411	\$0
		G2-S1-97C	(2,604)	0	6,188	0
		G2-S1-98	36,900	0	3,851	0
		G2-SP-97	<u>6,325</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Goals 2000 - State and Local Education			34,296	0	12,450	0
Eisenhower Professional Development State Grants	84.281	MS-S1-97	(2,129)	0	1,191	0
		MS-S1-98	0	0	5,759	0
		MS-S1-99	<u>8,627</u>	<u>0</u>	<u>4,707</u>	<u>0</u>
Total Eisenhower Professional Development State Grants			6,498	0	11,657	0
Innovative Education Program Strategies	84.298	C2-S1-99	<u>3,698</u>	<u>0</u>	<u>3,678</u>	<u>0</u>
Total United States Department of Education			537,749	0	515,455	0
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Pass-Through State Department of Health</i>						
Developmental Disabilities Basic Support and						
Advocacy Grant	93.630	N/A	<u>0</u>	<u>0</u>	<u>160</u>	<u>0</u>
Total United States Department of Health and Human Services			0	0	160	0
CORPORATION FOR NATIONAL SERVICE						
<i>Pass-Through State Department of Education</i>						
Learn and Serve America Program	94.004	SV-S4-97	0	0	855	0
		SV-S4-98	<u>0</u>	<u>0</u>	<u>4,844</u>	<u>0</u>
Total Learn and Serve America Program			<u>0</u>	<u>0</u>	<u>5,699</u>	<u>0</u>
Total Corporation for National Service			<u>0</u>	<u>0</u>	<u>5,699</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$746,029</u>	<u>\$19,401</u>	<u>\$743,841</u>	<u>\$20,032</u>

The accompanying notes to this Schedule are an integral part of this Schedule.

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

Note 1 - Basis of Accounting

The School District prepares its Schedule of Federal Awards Receipts and Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Note 2 - 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.

Note 3 - Matching Requirements

Certain federal programs require the School District to contribute nonfederal (matching) funds to support the federally funded programs. The School District has complied with the matching requirements. The expenditure of nonfederal matching funds is not included on the Schedule.

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

Trimble Local School District
Athens County
One Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

We have audited the general purpose financial statements of the Trimble Local School District, Athens County, Ohio, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 8, 2000, wherein we noted that the School District changed its method of accounting for deferred compensation plan assets. 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 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated February 8, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 8, 2000.

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

This report is intended for the information 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

February 8, 2000



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

Trimble Local School District
Athens County
One Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

Compliance

We have audited the compliance of the Trimble Local School District, Athens County, Ohio, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

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

Internal Control Over Compliance

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

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

This report is intended for the information 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

February 8, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED 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 conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material 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 §.510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies 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

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

There were no findings related to the financial statements.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
1998-10705-001	A noncompliance citation was issued under Ohio Rev. Code Section 5705.412 for failing to prepare or file the required certificates for any appropriations, contracts, negotiated agreements or changes in salary schedules that were adopted in fiscal year 1998.	Yes	N/A



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TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS 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
MARCH 9, 2000**