



**VINTON COUNTY LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

## REPORT OF INDEPENDENT ACCOUNTANTS

Vinton County Local School District  
Vinton County  
112 North Market Street  
McArthur, Ohio 45651

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Vinton County Local School District, Vinton 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 Vinton County Local School District, Vinton County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types 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 January 18, 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.

A handwritten signature in black ink, appearing to read 'Jim Petro', with a large loop at the end of the signature.

**Jim Petro**  
Auditor of State

January 18, 2000

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

|   | <u>Governmental Fund Types</u> |                            |                         |                             |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| <b>Assets and Other Debits:</b>   |                                |                            |                         |                             |
| <b>Assets:</b>  |                                |                            |                         |                             |
| Cash and Cash Equivalents   | \$1,975,960                    | \$532,246                  | \$137,961               | \$3,525,750                 |
| Investments   | 895,601                        |                            |                         | 1,438,163                   |
| Receivables:  |                                |                            |                         |                             |
| Taxes   | 3,086,395                      | 57,051                     | 381,675                 | 381,492                     |
| Accounts  | 7,528                          |                            |                         |                             |
| Intergovernmental   | 317,034                        |                            |                         |                             |
| Interfund   | 45,010                         |                            |                         |                             |
| Interest  | 11,814                         |                            |                         | 11,837                      |
| Inventory Held for Resale   |                                |                            |                         |                             |
| Prepaid Items   | 14,613                         |                            |                         |                             |
| Restricted Assets:  |                                |                            |                         |                             |
| Cash and Cash Equivalents   | 314,643                        |                            |                         |                             |
| Fixed Assets (Net of<br>Accumulated Depreciation)   |                                |                            |                         |                             |
| <b>Other Debits:</b>  |                                |                            |                         |                             |
| Amount Available in Debt Service Fund for<br>Retirement of General Obligation Bonds<br>Amount to be Provided from<br>General Government Resources |                                |                            |                         |                             |
| <b>Total Assets and Other Debits</b>  | <u><u>\$6,668,598</u></u>      | <u><u>\$589,297</u></u>    | <u><u>\$519,636</u></u> | <u><u>\$5,357,242</u></u>   |

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

| <u>Proprietary Fund Types</u> |                         | <u>Fiduciary Fund Types</u> | <u>Account Groups</u>       |                                      | <u>Totals (Memorandum Only)</u> |
|-------------------------------|-------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------------|
| <u>Enterprise</u>             | <u>Internal Service</u> | <u>Trust and Agency</u>     | <u>General Fixed Assets</u> | <u>General Long-Term Obligations</u> |                                 |
| \$87,360                      | \$250,998               | \$42,095                    |                             |                                      | \$6,552,370                     |
|                               |                         |                             |                             |                                      | 2,333,764                       |
|                               |                         |                             |                             |                                      | 3,906,613                       |
|                               |                         |                             |                             |                                      | 7,528                           |
| 51,728                        |                         |                             |                             |                                      | 368,762                         |
|                               |                         |                             |                             |                                      | 45,010                          |
|                               |                         |                             |                             |                                      | 23,651                          |
| 10,024                        |                         |                             |                             |                                      | 10,024                          |
|                               |                         |                             |                             |                                      | 14,613                          |
|                               |                         |                             |                             |                                      | 314,643                         |
| 67,424                        | 3,362                   |                             | \$11,301,138                |                                      | 11,371,924                      |
|                               |                         |                             |                             | \$165,238                            | 165,238                         |
|                               |                         |                             |                             | 5,296,988                            | 5,296,988                       |
| <u>\$216,536</u>              | <u>\$254,360</u>        | <u>\$42,095</u>             | <u>\$11,301,138</u>         | <u>\$5,462,226</u>                   | <u>\$30,411,128</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<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| <b>Liabilities, Fund Equity<br/>and Other Credits:</b>      |                                |                            |                         |                             |
| <b>Liabilities:</b>   |                                |                            |                         |                             |
| Accounts Payable  | \$19,476                       | \$12,687                   |                         | \$50,794                    |
| Contracts Payable   | 0                              |                            |                         | 594,562                     |
| Accrued Wages and Benefits Payable                          | 800,289                        | 149,754                    |                         |                             |
| Compensated Absences Payable                                | 9,158                          |                            |                         |                             |
| Intergovernmental Payable                                   | 180,831                        | 24,056                     |                         |                             |
| Interfund Payable   |                                | 5,996                      |                         | 39,014                      |
| Deferred Revenue<br>Due to Students                         | 2,889,422                      | 52,923                     | \$354,398               | 353,112                     |
| Claims Payable  |                                |                            |                         |                             |
| Capital Leases Payable                                      |                                |                            |                         |                             |
| Energy Conservation Note Payable                            |                                |                            |                         |                             |
| General Obligation Bonds Payable                            |                                |                            |                         |                             |
| <b>Total Liabilities</b>                                    | <u>3,899,176</u>               | <u>245,416</u>             | <u>354,398</u>          | <u>1,037,482</u>            |
| <b>Fund Equity and Other Credits:</b>                       |                                |                            |                         |                             |
| Investment in General Fixed Assets                          |                                |                            |                         |                             |
| Retained Earnings:  |                                |                            |                         |                             |
| Unreserved  |                                |                            |                         |                             |
| Fund Balances:  |                                |                            |                         |                             |
| Reserved for Encumbrances                                   | 102,141                        | 134,467                    |                         | 105,546                     |
| Reserved for Property Taxes                                 | 196,973                        | 4,128                      | 27,277                  | 28,380                      |
| Reserved for Statutory Set-Asides                           | 314,643                        |                            |                         |                             |
| Unreserved:   |                                |                            |                         |                             |
| Undesignated  | 2,155,665                      | 205,286                    | 137,961                 | 4,185,834                   |
| Total Fund Equity and Other Credits                         | <u>2,769,422</u>               | <u>343,881</u>             | <u>165,238</u>          | <u>4,319,760</u>            |
| <b>Total Liabilities, Fund Equity<br/>and Other Credits</b> | <u><u>\$6,668,598</u></u>      | <u><u>\$589,297</u></u>    | <u><u>\$519,636</u></u> | <u><u>\$5,357,242</u></u>   |

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

| Proprietary Fund Types |                  | Fiduciary Fund Types | Account Groups       |                               | Totals (Memorandum Only) |
|------------------------|------------------|----------------------|----------------------|-------------------------------|--------------------------|
| Enterprise             | Internal Service | Trust and Agency     | General Fixed Assets | General Long-Term Obligations |                          |
|                        |                  |                      |                      |                               | \$82,957                 |
|                        |                  |                      |                      |                               | 594,562                  |
| \$27,135               |                  |                      |                      |                               | 977,178                  |
| 10,399                 |                  |                      |                      | \$326,112                     | 345,669                  |
| 14,421                 |                  |                      |                      | 88,325                        | 307,633                  |
|                        |                  |                      |                      |                               | 45,010                   |
| 7,294                  |                  |                      |                      |                               | 3,657,149                |
|                        |                  | \$41,269             |                      |                               | 41,269                   |
|                        | \$69,227         |                      |                      |                               | 69,227                   |
|                        |                  |                      |                      | 13,456                        | 13,456                   |
|                        |                  |                      |                      | 174,333                       | 174,333                  |
|                        |                  |                      |                      | 4,860,000                     | 4,860,000                |
| 59,249                 | 69,227           | 41,269               | 0                    | 5,462,226                     | 11,168,443               |
|                        |                  |                      | \$11,301,138         |                               | 11,301,138               |
| 157,287                | 185,133          |                      |                      |                               | 342,420                  |
|                        |                  |                      |                      |                               | 342,154                  |
|                        |                  |                      |                      |                               | 256,758                  |
|                        |                  |                      |                      |                               | 314,643                  |
|                        |                  | 826                  |                      |                               | 6,685,572                |
| 157,287                | 185,133          | 826                  | 11,301,138           | 0                             | 19,242,685               |
| <b>\$216,536</b>       | <b>\$254,360</b> | <b>\$42,095</b>      | <b>\$11,301,138</b>  | <b>\$5,462,226</b>            | <b>\$30,411,128</b>      |

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | Governmental Fund Types |                    |                  |                     | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|------------------|---------------------|------------------------|--------------------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Expensible<br>Trust    |                                |
| <b>Revenues:</b>  |                         |                    |                  |                     |                        |                                |
| Taxes   | \$3,072,531             | \$62,550           | \$413,354        | \$430,057           |                        | \$3,978,492                    |
| Intergovernmental   | 8,407,718               | 2,060,958          | 39,987           | 2,398,796           |                        | 12,907,459                     |
| Interest  | 173,179                 |                    |                  | 253,202             |                        | 426,381                        |
| Tuition and Fees  | 68,769                  |                    |                  |                     |                        | 68,769                         |
| Rent  | 160                     |                    |                  |                     |                        | 160                            |
| Extracurricular Activities  |                         | 159,561            |                  |                     |                        | 159,561                        |
| Gifts and Donations   | 200                     | 9,785              |                  |                     | \$166                  | 10,151                         |
| Customer Services   | 17,135                  | 1,530              |                  |                     |                        | 18,665                         |
| Miscellaneous   | 219,728                 | 30,727             | 14,760           | 5,125               | 335                    | 270,675                        |
| <b>Total Revenues</b>   | <b>11,959,420</b>       | <b>2,325,111</b>   | <b>468,101</b>   | <b>3,087,180</b>    | <b>501</b>             | <b>17,840,313</b>              |
| <b>Expenditures:</b>  |                         |                    |                  |                     |                        |                                |
| Instruction:  |                         |                    |                  |                     |                        |                                |
| Regular   | 4,421,727               | 848,116            |                  |                     | 654                    | 5,270,497                      |
| Special   | 1,162,875               | 466,887            |                  |                     | 67                     | 1,629,829                      |
| Vocational  | 197,144                 |                    |                  |                     |                        | 197,144                        |
| Other   | 75,252                  | 7,722              |                  |                     |                        | 82,974                         |
| Support Services:   |                         |                    |                  |                     |                        |                                |
| Pupils  | 405,548                 | 141,329            |                  |                     |                        | 546,877                        |
| Instructional Staff   | 393,779                 | 335,411            |                  |                     | 2,538                  | 731,728                        |
| Board of Education  | 276,981                 | 2,556              | 16,884           |                     |                        | 296,421                        |
| Administration  | 940,329                 | 185,996            |                  |                     |                        | 1,126,325                      |
| Fiscal  | 190,699                 | 270                |                  |                     |                        | 190,969                        |
| Operation and Maintenance of Plant  | 884,571                 |                    |                  |                     |                        | 884,571                        |
| Pupil Transportation  | 1,116,341               | 2,137              |                  |                     |                        | 1,118,478                      |
| Central   | 250                     | 41                 |                  |                     |                        | 291                            |
| Extracurricular Activities  | 88,141                  | 50,955             |                  |                     |                        | 139,096                        |
| Capital Outlay  | 39,648                  | 270,507            |                  | 4,904,346           |                        | 5,214,501                      |
| Debt Service:   |                         |                    |                  |                     |                        |                                |
| Principal Retirement  | 10,393                  |                    | 324,333          |                     |                        | 334,726                        |
| Interest and Fiscal Charges   | 1,324                   |                    | 358,611          |                     |                        | 359,935                        |
| <b>Total Expenditures</b>   | <b>10,205,002</b>       | <b>2,311,927</b>   | <b>699,828</b>   | <b>4,904,346</b>    | <b>3,259</b>           | <b>18,124,362</b>              |
| Excess of Revenues Over<br>(Under) Expenditures   | 1,754,418               | 13,184             | (231,727)        | (1,817,166)         | (2,758)                | (284,049)                      |
| <b>Other Financing Sources (Uses):</b>  |                         |                    |                  |                     |                        |                                |
| Operating Transfers In  |                         |                    | 193,161          | 167,625             |                        | 360,786                        |
| Operating Transfers Out   | (360,786)               |                    |                  |                     |                        | (360,786)                      |
| Proceeds from Sale of Fixed Assets  | 56,435                  |                    |                  |                     |                        | 56,435                         |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(304,351)</b>        | <b>0</b>           | <b>193,161</b>   | <b>167,625</b>      | <b>0</b>               | <b>56,435</b>                  |
| Excess of Revenues and Other Financing<br>Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | 1,450,067               | 13,184             | (38,566)         | (1,649,541)         | (2,758)                | (227,614)                      |
| Fund Balances at Beginning of Year  | 1,319,355               | 330,697            | 203,804          | 5,969,301           | 3,584                  | 7,826,741                      |
| <b>Fund Balances at End of Year</b>   | <b>\$2,769,422</b>      | <b>\$343,881</b>   | <b>\$165,238</b> | <b>\$4,319,760</b>  | <b>\$826</b>           | <b>\$7,599,127</b>             |

The notes to the general purpose 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 AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | General Fund       |                    |  | Special Revenue Funds |                  |  |
|---|--------------------|--------------------|--|-----------------------|------------------|--|
|   | Revised<br>Budget  | Actual             | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget     | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                    |                    |  |                       |                  |  |
| Taxes   | \$3,169,074        | \$2,788,024        | (\$381,050)                            |                       | \$58,424         | \$58,424                               |
| Intergovernmental   | 7,463,100          | 8,405,672          | 942,572                                | \$2,002,360           | 2,060,958        | 58,598                                 |
| Interest  | 200,994            | 278,557            | 77,563                                 |                       |                  | 0                                      |
| Tuition and Fees  | 54,130             | 69,289             | 15,159                                 |                       |                  | 0                                      |
| Rent  | 280                | 160                | (120)                                  |                       |                  | 0                                      |
| Extracurricular Activities  |                    |                    | 0                                      | 167,150               | 159,609          | (7,541)                                |
| Gifts and Donations   | 547                | 200                | (347)                                  | 4,068                 | 9,785            | 5,717                                  |
| Customer Services   | 11,016             | 17,135             | 6,119                                  |                       | 1,530            | 1,530                                  |
| Miscellaneous   | 19,206             | 212,328            | 193,122                                |                       |                  | 0                                      |
| <b>Total Revenues</b>   | <b>10,918,347</b>  | <b>11,771,365</b>  | <b>853,018</b>                         | <b>2,173,578</b>      | <b>2,290,306</b> | <b>116,728</b>                         |
| <b>Expenditures:</b>  |                    |                    |  |                       |                  |  |
| Instruction:  |                    |                    |  |                       |                  |  |
| Regular   | 4,509,510          | 4,415,232          | 94,278                                 | 997,634               | 957,633          | 40,001                                 |
| Special   | 1,186,104          | 1,162,113          | 23,991                                 | 645,125               | 495,232          | 149,893                                |
| Vocational  | 199,537            | 198,175            | 1,362                                  | 140                   |                  | 140                                    |
| Other   | 77,640             | 79,152             | (1,512)                                | 8,522                 | 7,679            | 843                                    |
| Support Services  |                    |                    |  |                       |                  |  |
| Pupils  | 415,520            | 407,685            | 7,835                                  | 208,861               | 151,803          | 57,058                                 |
| Instructional Staff   | 439,463            | 419,916            | 19,547                                 | 396,979               | 342,645          | 54,334                                 |
| Board of Education  | 283,362            | 284,910            | (1,548)                                | 2,555                 | 2,556            | (1)                                    |
| Administration  | 998,096            | 977,821            | 20,275                                 | 259,601               | 193,751          | 65,850                                 |
| Fiscal  | 196,619            | 191,879            | 4,740                                  | 2,000                 | 270              | 1,730                                  |
| Operation and Maintenance of Plant  | 1,030,778          | 957,855            | 72,923                                 |                       |                  | 0                                      |
| Pupil Transportation  | 1,177,532          | 1,141,636          | 35,896                                 | 5,686                 | 2,300            | 3,386                                  |
| Central   | 901                | 651                | 250                                    | 50                    | 41               | 9                                      |
| Extracurricular Activities  | 86,526             | 88,160             | (1,634)                                | 60,416                | 54,112           | 6,304                                  |
| Capital Outlay  | 39,648             | 39,648             | 0                                      | 302,044               | 300,119          | 1,925                                  |
| Debt Service:   |                    |                    |  |                       |                  |  |
| Principal Retirement  |                    |                    | 0                                      |                       |                  | 0                                      |
| Interest and Fiscal Charges   |                    |                    | 0                                      |                       |                  | 0                                      |
| <b>Total Expenditures</b>   | <b>10,641,236</b>  | <b>10,364,833</b>  | <b>276,403</b>                         | <b>2,889,613</b>      | <b>2,508,141</b> | <b>381,472</b>                         |
| Excess of Revenues Over<br>(Under) Expenditures   | 277,111            | 1,406,532          | 1,129,421                              | (716,035)             | (217,835)        | 498,200                                |
| <b>Other Financing Sources (Uses):</b>  |                    |                    |  |                       |                  |  |
| Operating Transfers In  | 423,792            | 423,792            | 0                                      |                       |                  | 0                                      |
| Proceeds from Sale of Bonds   |                    |                    | 0                                      |                       |                  | 0                                      |
| Proceeds from Sale of Fixed Assets  | 27,733             | 56,435             | 28,702                                 |                       |                  | 0                                      |
| Refund of Prior Year Expenditures   | 2,475              | 593                | (1,882)                                |                       |                  | 0                                      |
| Advances In   | 51,500             |                    | (51,500)                               | 5,997                 | 5,997            | 0                                      |
| Other Financing Sources   |                    |                    | 0                                      | 35,134                | 30,726           | (4,408)                                |
| Operating Transfers Out   | (800,831)          | (784,578)          | 16,253                                 |                       |                  | 0                                      |
| Refund of Prior Year Receipts   | (3,449)            | (3,449)            | 0                                      | (3,594)               | (7,230)          | (3,636)                                |
| Advances Out  | (45,010)           | (45,010)           | 0                                      |                       |                  | 0                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>(343,790)</b>   | <b>(352,217)</b>   | <b>(8,427)</b>                         | <b>37,537</b>         | <b>29,493</b>    | <b>(8,044)</b>                         |
| Excess of Revenues and Other<br>Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | (66,679)           | 1,054,315          | 1,120,994                              | (678,498)             | (188,342)        | 490,156                                |
| Fund Balances at Beginning of Year  | 1,873,196          | 1,873,196          | 0                                      | 341,023               | 341,023          | 0                                      |
| Prior Year Encumbrances Appropriated  | 143,411            | 143,411            | 0                                      | 233,115               | 233,115          | 0                                      |
| <b>Fund Balances at End of Year</b>   | <b>\$1,949,928</b> | <b>\$3,070,922</b> | <b>\$1,120,994</b>                     | <b>(\$104,360)</b>    | <b>\$385,796</b> | <b>\$490,156</b>                       |

The notes to the general purpose 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 AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

|   | Debt Service Fund       |                         |  | Capital Projects Funds    |                           |  |
|---|-------------------------|-------------------------|--|---------------------------|---------------------------|--|
|   | Revised<br>Budget       | Actual                  | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget         | Actual                    | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                         |                         |  |                           |                           |  |
| Taxes   | \$393,124               | \$386,087               | (\$7,037)                              | \$452,188                 | \$401,699                 | (\$50,489)                             |
| Intergovernmental   |                         | 39,987                  | 39,987                                 | 2,417,828                 | 2,398,797                 | (19,031)                               |
| Interest  |                         |                         | 0                                      | 300,000                   | 335,466                   | 35,466                                 |
| Tuition and Fees  |                         |                         | 0                                      |                           |                           | 0                                      |
| Rent  |                         |                         | 0                                      |                           |                           | 0                                      |
| Extracurricular Activities  |                         |                         | 0                                      |                           |                           | 0                                      |
| Gifts and Donations   |                         |                         | 0                                      |                           |                           | 0                                      |
| Customer Services   |                         |                         | 0                                      |                           |                           | 0                                      |
| Miscellaneous   |                         |                         | 0                                      | 5,000                     | 5,125                     | 125                                    |
| <b>Total Revenues</b>   | <u>393,124</u>          | <u>426,074</u>          | <u>32,950</u>                          | <u>3,175,016</u>          | <u>3,141,087</u>          | <u>(33,929)</u>                        |
| <b>Expenditures:</b>  |                         |                         |  |                           |                           |  |
| 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  | 16,878                  | 16,884                  | (6)                                    |                           |                           | 0                                      |
| Administration  |                         |                         | 0                                      |                           |                           | 0                                      |
| Fiscal  |                         |                         | 0                                      |                           |                           | 0                                      |
| Operation and Maintenance of Plant  |                         |                         | 0                                      |                           |                           | 0                                      |
| Pupil Transportation  |                         |                         | 0                                      |                           |                           | 0                                      |
| Central   |                         |                         | 0                                      |                           |                           | 0                                      |
| Extracurricular Activities  |                         |                         | 0                                      |                           |                           | 0                                      |
| Capital Outlay  |                         |                         | 0                                      | 4,593,489                 | 4,416,399                 | 177,090                                |
| Debt Service:   |                         |                         |  |                           |                           |  |
| Principal Retirement  | 5,350,586               | 5,334,333               | 16,253                                 |                           |                           | 0                                      |
| Interest and Fiscal Charges   | 358,688                 | 358,611                 | 77                                     | 0                         | 0                         | 0                                      |
| <b>Total Expenditures</b>   | <u>5,726,152</u>        | <u>5,709,828</u>        | <u>16,324</u>                          | <u>4,593,489</u>          | <u>4,416,399</u>          | <u>177,090</u>                         |
| Excess of Revenues Over<br>(Under) Expenditures   | <u>(5,333,028)</u>      | <u>(5,283,754)</u>      | <u>49,274</u>                          | <u>(1,418,473)</u>        | <u>(1,275,312)</u>        | <u>143,161</u>                         |
| <b>Other Financing Sources (Uses):</b>  |                         |                         |  |                           |                           |  |
| Operating Transfers In  | 209,414                 | 193,161                 | (16,253)                               | 167,625                   | 167,625                   | 0                                      |
| Proceeds from Sale of Bonds   | 5,010,000               | 5,010,000               | 0                                      |                           |                           | 0                                      |
| Proceeds from Sale of Fixed Assets  |                         |                         | 0                                      |                           |                           | 0                                      |
| Refund of Prior Year Expenditures   |                         |                         | 0                                      |                           |                           | 0                                      |
| Advances In   |                         |                         | 0                                      | 39,013                    | 39,013                    | 0                                      |
| Other Financing Sources   | 14,760                  | 14,760                  | 0                                      |                           |                           | 0                                      |
| Operating Transfers Out   |                         |                         | 0                                      |                           |                           | 0                                      |
| Refund of Prior Year Receipts   |                         |                         | 0                                      |                           |                           | 0                                      |
| Advances Out  |                         |                         | 0                                      |                           |                           | 0                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <u>5,234,174</u>        | <u>5,217,921</u>        | <u>(16,253)</u>                        | <u>206,638</u>            | <u>206,638</u>            | <u>0</u>                               |
| Excess of Revenues and Other<br>Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | <u>(98,854)</u>         | <u>(65,833)</u>         | <u>33,021</u>                          | <u>(1,211,835)</u>        | <u>(1,068,674)</u>        | <u>143,161</u>                         |
| Fund Balances at Beginning of Year  | 203,794                 | 203,794                 | 0                                      | 5,833,871                 | 5,833,871                 | 0                                      |
| Prior Year Encumbrances Appropriated  |                         |                         | 0                                      | 43,127                    | 43,127                    | 0                                      |
| <b>Fund Balances at End of Year</b>   | <u><b>\$104,940</b></u> | <u><b>\$137,961</b></u> | <u><b>\$33,021</b></u>                 | <u><b>\$4,665,163</b></u> | <u><b>\$4,808,324</b></u> | <u><b>\$143,161</b></u>                |

The notes to the general purpose 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 AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

|   | Expendable Trust Fund |              |  | Totals (Memorandum Only) |                    |  |
|---|-----------------------|--------------|--|--------------------------|--------------------|--|
|   | Revised<br>Budget     | Actual       | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget        | Actual             | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>  |                       |              |  |                          |                    |  |
| Taxes   |                       |              | \$0                                    | \$4,014,386              | \$3,634,234        | (\$380,152)                            |
| Intergovernmental   |                       |              | 0                                      | 11,883,288               | 12,905,414         | 1,022,126                              |
| Interest  |                       |              | 0                                      | 500,994                  | 614,023            | 113,029                                |
| Tuition and Fees  |                       |              | 0                                      | 54,130                   | 69,289             | 15,159                                 |
| Rent  |                       |              | 0                                      | 280                      | 160                | (120)                                  |
| Extracurricular Activities  |                       |              | 0                                      | 167,150                  | 159,609            | (7,541)                                |
| Gifts and Donations   | \$100                 | \$166        | 66                                     | 4,715                    | 10,151             | 5,436                                  |
| Customer Services   |                       |              | 0                                      | 11,016                   | 18,665             | 7,649                                  |
| Miscellaneous   |                       |              | 0                                      | 24,206                   | 217,453            | 193,247                                |
| <b>Total Revenues</b>   | <b>100</b>            | <b>166</b>   | <b>66</b>                              | <b>16,660,165</b>        | <b>17,628,998</b>  | <b>968,833</b>                         |
| <b>Expenditures:</b>  |                       |              |  |                          |                    |  |
| Instruction:  |                       |              |  |                          |                    |  |
| Regular   | 655                   | 654          | 1                                      | 5,507,799                | 5,373,519          | 134,280                                |
| Special   | 200                   | 200          | 0                                      | 1,831,429                | 1,657,545          | 173,884                                |
| Vocational  |                       |              | 0                                      | 199,677                  | 198,175            | 1,502                                  |
| Other   |                       |              | 0                                      | 86,162                   | 86,831             | (669)                                  |
| Support Services  |                       |              |  |                          |                    |  |
| Pupils  |                       |              | 0                                      | 624,381                  | 559,488            | 64,893                                 |
| Instructional Staff   | 3,287                 | 2,538        | 749                                    | 839,729                  | 765,099            | 74,630                                 |
| Board of Education  |                       |              | 0                                      | 302,795                  | 304,350            | (1,555)                                |
| Administration  |                       |              | 0                                      | 1,257,697                | 1,171,572          | 86,125                                 |
| Fiscal  |                       |              | 0                                      | 198,619                  | 192,149            | 6,470                                  |
| Operation and Maintenance of Plant  | 50                    |              | 50                                     | 1,030,828                | 957,855            | 72,973                                 |
| Pupil Transportation  |                       |              | 0                                      | 1,183,218                | 1,143,936          | 39,282                                 |
| Central   |                       |              | 0                                      | 951                      | 692                | 259                                    |
| Extracurricular Activities  |                       |              | 0                                      | 146,942                  | 142,272            | 4,670                                  |
| Capital Outlay  |                       |              | 0                                      | 4,935,181                | 4,756,166          | 179,015                                |
| Debt Service:   |                       |              |  |                          |                    |  |
| Principal Retirement  |                       |              | 0                                      | 5,350,586                | 5,334,333          | 16,253                                 |
| Interest and Fiscal Charges   |                       |              | 0                                      | 358,688                  | 358,611            | 77                                     |
| <b>Total Expenditures</b>   | <b>4,192</b>          | <b>3,392</b> | <b>800</b>                             | <b>23,854,682</b>        | <b>23,002,593</b>  | <b>852,089</b>                         |
| Excess of Revenues Over<br>(Under) Expenditures   | (4,092)               | (3,226)      | 866                                    | (7,194,517)              | (5,373,595)        | 1,820,922                              |
| <b>Other Financing Sources (Uses):</b>  |                       |              |  |                          |                    |  |
| Operating Transfers In  |                       |              | 0                                      | 800,831                  | 784,578            | (16,253)                               |
| Proceeds from Sale of Bonds   |                       |              | 0                                      | 5,010,000                | 5,010,000          | 0                                      |
| Proceeds from Sale of Fixed Assets  |                       |              | 0                                      | 27,733                   | 56,435             | 28,702                                 |
| Refund of Prior Year Expenditures   |                       |              | 0                                      | 2,475                    | 593                | (1,882)                                |
| Advances In   |                       |              | 0                                      | 96,510                   | 45,010             | (51,500)                               |
| Other Financing Sources   | 335                   | 335          | 0                                      | 50,229                   | 45,821             | (4,408)                                |
| Operating Transfers Out   |                       |              | 0                                      | (800,831)                | (784,578)          | 16,253                                 |
| Refund of Prior Year Receipts   |                       |              | 0                                      | (7,043)                  | (10,679)           | (3,636)                                |
| Advances Out  |                       |              | 0                                      | (45,010)                 | (45,010)           | 0                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <b>335</b>            | <b>335</b>   | <b>0</b>                               | <b>5,134,894</b>         | <b>5,102,170</b>   | <b>(32,724)</b>                        |
| Excess of Revenues and Other<br>Financing Sources Over (Under)<br>Expenditures and Other Financing Uses | (3,757)               | (2,891)      | 866                                    | (2,059,623)              | (271,425)          | 1,788,198                              |
| Fund Balances at Beginning of Year  | 1,151                 | 1,151        | 0                                      | 8,253,035                | 8,253,035          | 0                                      |
| Prior Year Encumbrances Appropriated  | 2,566                 | 2,566        | 0                                      | 422,219                  | 422,219            | 0                                      |
| <b>Fund Balances at End of Year</b>   | <b>(\$40)</b>         | <b>\$826</b> | <b>\$866</b>                           | <b>\$6,615,631</b>       | <b>\$8,403,829</b> | <b>\$1,788,198</b>                     |

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

**COMBINED STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | <u>Proprietary Fund Types</u> |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|-------------------------------|-----------------------------|---|
|   | <u>Enterprise</u>             | <u>Internal<br/>Service</u> |   |
| <b>Operating Revenues:</b>                          |                               |                             |   |
| Sales   | \$140,732                     |                             | \$140,732                               |
| Charges for Services                                |                               | \$1,098,430                 | 1,098,430                               |
| Other Operating Revenues                            |                               | 311,038                     | 311,038                                 |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| Total Operating Revenues                            | 140,732                       | 1,409,468                   | 1,550,200                               |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| <b>Operating Expenses:</b>                          |                               |                             |   |
| Salaries  | 188,489                       |                             | 188,489                                 |
| Fringe Benefits                                     | 99,545                        |                             | 99,545                                  |
| Purchased Services                                  | 9,128                         | 304,912                     | 314,040                                 |
| Materials and Supplies                              | 30,303                        |                             | 30,303                                  |
| Cost of Sales                                       | 224,493                       |                             | 224,493                                 |
| Depreciation  | 5,873                         | 395                         | 6,268                                   |
| Claims  |                               | 1,063,639                   | 1,063,639                               |
| Other Operating Expenses                            | 1,080                         |                             | 1,080                                   |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| Total Operating Expenses                            | 558,911                       | 1,368,946                   | 1,927,857                               |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| Operating Income (Loss)                             | (418,179)                     | 40,522                      | (377,657)                               |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| <b>Nonoperating Revenues (Expenses):</b>            |                               |                             |   |
| Federal Donated Commodities                         | 48,512                        |                             | 48,512                                  |
| Interest  |                               | 405                         | 405                                     |
| Federal and State Subsidies                         | 373,755                       |                             | 373,755                                 |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| Total Nonoperating Revenues (Expenses)              | 422,267                       | 405                         | 422,672                                 |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| Net Income (Loss)                                   | 4,088                         | 40,927                      | 45,015                                  |
| Retained Earnings at Beginning of Year, As Restated | 153,199                       | 144,206                     | 297,405                                 |
|   | <hr/>                         | <hr/>                       | <hr/>                                   |
| <b>Retained Earnings at End of Year</b>             | <b><u>\$157,287</u></b>       | <b><u>\$185,133</u></b>     | <b><u>\$342,420</u></b>                 |

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

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | <u>Proprietary Fund Types</u> |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|-------------------------------|-----------------------------|---|
|  | <u>Enterprise</u>             | <u>Internal<br/>Service</u> |   |
| <b>Increase (Decrease) in Cash and Cash Equivalents:</b>                                     |                               |                             |   |
| <b>Cash Flows from Operating Activities:</b>   |                               |                             |   |
| Cash Received from Sales   | \$140,732                     |                             | \$140,732                               |
| Cash Received from Quasi-External<br>Transactions with Other Funds                           | (317,726)                     | \$1,098,430                 | 780,704                                 |
| Cash Payments for Employee Services and Benefits   | (188,299)                     |                             | (188,299)                               |
| Cash Payments to Suppliers for Goods and Services  |                               | (304,912)                   | (304,912)                               |
| Cash Payments for Claims   |                               | (1,092,846)                 | (1,092,846)                             |
| Other Operating Revenues   |                               | 311,038                     | 311,038                                 |
| Other Operating Expenses   | (1,080)                       |                             | (1,080)                                 |
| Net Cash from Operating Activities   | <u>(366,373)</u>              | <u>11,710</u>               | <u>(354,663)</u>                        |
| <b>Cash Flows from Noncapital Financing Activities:</b>                                      |                               |                             |   |
| Operating Grants Received  | <u>367,638</u>                |                             | <u>367,638</u>                          |
| Net Cash from Noncapital Financing Activities  | <u>367,638</u>                | <u>0</u>                    | <u>367,638</u>                          |
| <b>Cash Flows from Investing Activities:</b>   |                               |                             |   |
| Interest Received on Investments   |                               | <u>405</u>                  | <u>405</u>                              |
| Net Cash from Investing Activities   | <u>0</u>                      | <u>405</u>                  | <u>405</u>                              |
| Net Increase (Decrease) in<br>Cash and Cash Equivalents                                      | 1,265                         | 12,115                      | 13,380                                  |
| Cash and Cash Equivalents at Beginning of Year   | <u>86,095</u>                 | <u>238,883</u>              | <u>324,978</u>                          |
| <b>Cash and Cash Equivalents at End of Year</b>  | <b><u>\$87,360</u></b>        | <b><u>\$250,998</u></b>     | <b><u>\$338,358</u></b>                 |
| <b>Reconciliation of Operating Loss to<br/>Net Cash Used by Operating Activities:</b>        |                               |                             |   |
| Operating Income (Loss)  | <u>(\$418,179)</u>            | <u>\$40,522</u>             | <u>(\$377,657)</u>                      |
| <b>Adjustments to Reconcile Operating Loss to<br/>Net Cash Used by Operating Activities:</b> |                               |                             |   |
| Depreciation   | 5,873                         | 395                         | 6,268                                   |
| Donated Commodities Used During Year   | 48,512                        |                             | 48,512                                  |
| Changes in Assets and Liabilities:   |                               |                             |   |
| (Increase) Decrease in Inventory Held for Resale   | 3,206                         |                             | 3,206                                   |
| Increase (Decrease) in Accounts Payable  | (5,635)                       |                             | (5,635)                                 |
| Increase (Decrease) in Accrued Salaries  | 610                           |                             | 610                                     |
| Increase (Decrease) in Intergovernmental Payable   | 2,513                         |                             | 2,513                                   |
| Increase (Decrease) in Compensated Absences  | (420)                         |                             | (420)                                   |
| Increase (Decrease) in Deferred Revenue  | (2,853)                       |                             | (2,853)                                 |
| Increase (Decrease) in Claims Payable  |                               | (29,207)                    | (29,207)                                |
| Total Adjustments  | <u>51,806</u>                 | <u>(28,812)</u>             | <u>22,994</u>                           |
| <b>Net Cash from Operating Activities</b>  | <b><u>(\$366,373)</u></b>     | <b><u>\$11,710</u></b>      | <b><u>(\$354,663)</u></b>               |

*The notes to the general purpose 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**

**Description of the School District**

Vinton County Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state and/or federal guidelines. The Board controls the School District's seven (7) instructional support facilities staffed by 97 non-certificated employees, 170 teaching personnel and 11 administrative employees providing education to approximately 2,399 students.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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 following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Parent Teacher Organization
- Booster Club

The School District is associated with four organizations, three of which are defined as jointly governed organizations and one is an insurance purchasing pool. These organizations are the Southeast Ohio Voluntary Educational Consortium, the Gallia-Jackson-Vinton Joint Vocational School District, the Gallia-Vinton Educational Service Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**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 statements and interpretations issued on or before 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.

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

**Debt Service Fund**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting (Continued)**

**1. Governmental Fund Types: (Continued)**

**Capital Projects Funds**

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

**2. Proprietary Fund Types:**

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

**Enterprise Funds**

Enterprise funds are used to account for 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.

**Internal Service Funds**

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

**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.

**Expendable Trust Fund**

The expendable trust fund accounts for the resources, including both principal and earnings, which must be expended according to the provisions of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Agency Funds**

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting (Continued)**

**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 established to account for all general fixed assets of the School District other than those accounted for in the proprietary funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District except those accounted for in proprietary 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 are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for 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 fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type 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.

**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 function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Estimated Resources (Continued)**

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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted. 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.

**Encumbrances**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet. During fiscal year 1999, The School District investments were limited to STAROhio, certificates of deposit, treasury notes and discount notes.

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.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based upon quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

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.

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.

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserved in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. The School District had no material and supplies in the governmental funds as of June 30, 1999. Inventories of proprietary funds consist of donated food, purchased food, lunchroom supplies and school supplies held for resale and are expended when used.

**F. Prepaid Items**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish textbook, capital improvement, and budget stabilization reserves. The textbook and capital improvement reserves are required by State statute and can only be used for expenditures designated by State statute. The budget stabilization reserve is required by State statute and can only be used after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

**H. 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 respective funds. 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 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 and depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings, 20 years for improvements other than buildings, 6 to 15 years for furniture, equipment and fixtures, and 5 to 10 years for vehicles. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of 15 years.

**I. 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



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Intergovernmental Revenues (Continued)**

*Non-Reimbursable Grants*

*Special Revenue Funds*

Disadvantaged Pupil Impact Aid  
Education Management Information Systems  
Public School Preschool  
Dwight D. Eisenhower Professional Development  
Reading Improvement Grant  
Title I  
Title VI  
Title VI-B  
Drug Free Schools Program  
Professional Development  
Goals 2000 Intervention  
Praxis III  
JAVITS  
FEMA  
School to Work  
Dental Sealant  
ARSI - Math and Science  
Proficiency Intervention

*Capital Projects Funds*

School Net

*Reimbursable Grants*

*General Fund*

School Bus Purchase Reimbursement  
Driver Education Reimbursement

*Enterprise Funds*

National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities

Grants and entitlements amounted to seventy-two percent of the School District's revenue during the 1999 fiscal year.

**J. 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 combined balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Compensated Absences (Continued)**

Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulate at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable will become eligible to receive termination benefits 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.

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

**L. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have been paid using current available financial resources. Long-term loans are recognized as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**M. Interfund Transactions**

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

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

**N. Fund Balance Reserves**

The School District 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, property taxes, and statutory set-asides. 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 statutory set-asides represents the amounts that have been set aside to meet the requirements of House Bill No. 412.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Estimates**

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

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "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. RESTATEMENT OF FUND BALANCES AND CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 1999, the School District implemented GASB Statement No 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". This statement establishes accounting and reporting guidelines for eligible deferred compensation plans that are now required to be held in trust for the exclusive benefit of plan participants and their beneficiaries. The implementation of this statement required no change in prior period balances of the School District's financial statements. However, it did require the removal of \$166,538 in plan assets during the current period, from both the funds on deposit with deferred compensation boards and the deferred compensation payable in the Agency Funds.

During fiscal year 1998, the School District reported a proprietary fund liability in the General Long-Term Obligations Account Group. The effects of this adjustment on account balances/retained earnings as previously reported for the year ended June 30, 1998, are as follows:

|   |   |
|---|---|
|   | <u>Enterprise</u>   |
| Retained Earnings as Previously Reported      | \$160,901   |
| Understatement of Intergovernmental Payable   | <u>(7,702)</u>  |
| Restated Retained Earnings as of July 1, 1998 | <u>\$153,199</u>  |
|   | <br><u>General Long-<br/>Term Obligations<br/>Account Group</u> |
| Account Balance as Previously Reported        | \$5,760,284   |
| Overstatement of Intergovernmental Payable    | <u>(7,702)</u>  |
| Account Balance as of July 1, 1998            | <u>\$5,752,582</u>  |

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**4. BUDGETARY BASIS OF ACCOUNTING**

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

- 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 or as note disclosure in the proprietary fund type (GAAP basis).

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

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

|                      | <u>General</u>     | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trust</u> |
|----------------------|--------------------|----------------------------|-------------------------|-----------------------------|-----------------------------|
| GAAP Basis           | \$1,450,067        | \$13,184                   | (\$38,566)              | (\$1,649,541)               | (\$2,758)                   |
| Adjustments:         |                    |                            |                         |                             |                             |
| Revenue Accruals     | (188,055)          | (34,805)                   | (42,027)                | 53,907                      | (335)                       |
| Expenditure Accruals | (159,831)          | (196,214)                  | (5,010,000)             | 487,947                     | (133)                       |
| Other Sources (Uses) | <u>(47,866)</u>    | <u>29,493</u>              | <u>5,024,760</u>        | <u>39,013</u>               | <u>335</u>                  |
| Budget Basis         | <u>\$1,054,315</u> | <u>(\$188,342)</u>         | <u>(\$65,833)</u>       | <u>(\$1,068,674)</u>        | <u>(\$2,891)</u>            |

**5. ACCOUNTABILITY AND COMPLIANCE**

**Fund Deficits**

Fund balances at June 30, 1999, included the following individual fund deficits:

|                           |         |
|---------------------------|---------|
| Special Revenue Funds:    |         |
| DPIA                      | \$2,159 |
| Title I Grant             | 37,698  |
|                           |         |
| Capital Projects Funds:   |         |
| Tech Equity Grant         | 752     |
| Emergency Building Repair | 39,014  |

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**5. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**Fund Deficits (Continued)**

The deficits in these funds are the result of the applying generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**Compliance**

The following funds and accounts had expenditures plus encumbrances in excess of appropriations at year-end, contrary to Section 5705.41, Ohio Revised Code:

|                                       |         |
|---------------------------------------|---------|
| General Fund:                         |         |
| Instruction - Other                   | \$1,511 |
| Support Services - Board of Education | 1,548   |
| Extracurricular Activities            | 1,634   |
| Special Revenue Funds:                |         |
| Teacher Development                   |         |
| Instruction - Regular                 | 41      |
| Public School Preschool               |         |
| Support Services - Pupils             | 3,058   |
| Debt Service Fund:                    |         |
| Bond Retirement                       |         |
| Support Services - Board of Education | 6       |
| Capital Projects Funds:               |         |
| Emergency Building Repair             |         |
| Capital Outlay                        | 34,546  |

**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 that the Board 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**

**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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**6. DEPOSITS AND INVESTMENTS (Continued)**

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$1,538,113 and the bank balance was \$1,769,110. Of the bank balance, \$400,000 was covered by federal deposit insurance. The remaining amounts were protected by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal 110 percent of public funds on deposit. Although the securities serving as collateral were held by the pledging financial institutions' trust department in the School District's name 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 categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book-entry form.

|                        | <u>Category 3</u>  | <u>Carrying<br/>Value</u> | <u>Market<br/>Value</u> |
|------------------------|--------------------|---------------------------|-------------------------|
| Discount Notes         | \$2,333,764        | \$2,333,764               | \$2,333,764             |
| Investment in STAROhio | <u>0</u>           | <u>5,328,900</u>          | <u>5,328,900</u>        |
| Total                  | <u>\$2,333,764</u> | <u>\$7,662,664</u>        | <u>\$7,662,664</u>      |

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classifications of cash and investments on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

|                  | <u>Cash and Cash<br/>Equivalents/Deposits</u> | <u>Investments</u> |
|------------------|---|--------------------|
| GASB Statement 9 | \$6,867,013                                   | \$2,333,764        |
| Investments:     |   |                    |
| STAROhio         | <u>(5,328,900)</u>                            | <u>5,328,900</u>   |
| Total            | <u>\$1,538,113</u>                            | <u>\$7,662,664</u> |

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**7. PROPERTY TAXES (Continued)**

Assessed values for real property is required to be revalued every six years. 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 after April 1 on the value listed as of December 31. Tangible personal property assessments are 25 percent of true value.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; 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 alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or 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 Vinton, Gallia, Jackson and Hocking 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 County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent 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 total amount available as an advance at June 30, 1999, is reported as fund balance - reserved for property taxes.

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

|   | 1998 Second-Half<br>Collections |                | 1999 First-Half<br>Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/Residential<br>and Other Real Estate | \$83,747,940                    | 67.44%         | \$85,560,110                   | 69.43%         |
| Public Utility                                    | 25,478,130                      | 20.52%         | 24,393,580                     | 19.79%         |
| Tangible Personal<br>Property                     | 14,954,020                      | 12.04%         | 13,280,405                     | 10.78%         |
| Total Assessed Value                              | <u>\$124,180,090</u>            | <u>100.00%</u> | <u>\$123,234,095</u>           | <u>100.00%</u> |
| Tax Rate per \$1,000 of<br>Assessed Valuation     | \$26.52                         |                | \$26.52                        |                |

**8. RECEIVABLES**

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



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**8. RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

|                               | <u>Amount</u> |
|-------------------------------|---------------|
| General Fund:                 |               |
| State Income Tax              | \$304,278     |
| Medicaid                      | 10,243        |
| Miscellaneous                 | 2,513         |
| Total General Fund            | 317,034       |
| Enterprise Funds:             |               |
| State Subsidies - Lunchroom   | 4,842         |
| Federal Subsidies - Lunchroom | 46,886        |
| Total Enterprise Funds        | 51,728        |
| Total All Funds               | \$368,762     |

**9. FIXED ASSETS**

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

|                                | <u>Enterprise</u> | <u>Internal<br/>Service</u> |
|--------------------------------|-------------------|-----------------------------|
| Furniture and Equipment        | \$233,633         | \$3,952                     |
| Less: Accumulated Depreciation | (166,209)         | (590)                       |
| Net Fixed Assets               | \$67,424          | \$3,362                     |

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

|                            | <u>Balance<br/>June 30, 1998</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance<br/>June 30, 1999</u> |
|----------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| Land                       | \$439,927                        | \$0              | \$0               | \$439,927                        |
| Buildings and Improvements | 3,305,051                        | 0                | 0                 | 3,305,051                        |
| Furniture and Equipment    | 2,459,603                        | 682,868          | 0                 | 3,142,471                        |
| Vehicles                   | 2,003,289                        | 0                | 0                 | 2,003,289                        |
| Infrastructure             | 19,432                           | 0                | 0                 | 19,432                           |
| Construction in Progress   | 0                                | 3,955,486        | 0                 | 3,955,486                        |
| Total                      | \$8,227,302                      | \$4,638,354      | \$0               | 12,865,656                       |
|                            |                                  |                  |                   | (1,564,518)                      |
|                            |                                  |                  |                   | \$11,301,138                     |

At June 30, 1999, net fixed assets include \$22,050 of equipment under capitalized leases.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**10. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with various commercial carriers for property and fleet insurance, liability insurance, inland marine coverage and public official bonds. Coverages provided are as follows:

|  |              |
|--|--------------|
| Buildings and Contents - replacement cost (\$100 deductible) | \$22,931,800 |
| Builder's Risk (\$1,000 deductible)                          | 13,500,000   |
| Inland Marine Coverage (\$250 deductible)                    | 2,500,000    |
| Musical Instruments (\$100 deductible)                       | 70,938       |
| Automobile Liability (\$100 deductible):                     |              |
| Per Person   | 1,000,000    |
| Per Accident   | 3,000,000    |
| Uninsured Motorists (\$100)                                  |              |
| Per Person   | 1,000,000    |
| Per Accident   | 3,000,000    |
| General Liability:   |              |
| Per Occurrence   | 1,000,000    |
| Total Per Year   | 5,000,000    |
| Public Official Bonds - Treasurer                            | 100,000      |

Settled claims have not exceeded this commercial coverage in any of the last three years. There has been no significant change in coverage from last year, except for the addition of builders risk insurance and changes to building and contents.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 20). The intent of the Plan 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 Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

Health insurance is offered to employees through a self-insurance internal service fund. Professional Risk Management is the School District's third-party administrator who informs the School District of claims payments needed each week. Professional Risk Management provides an actuarial study each year and advises the School District as to any change needed in premium payments to the Internal Service Fund. The claims liability of \$69,227 reported in the Internal Service Fund at June 30, 1999, is based on an estimate provided by Professional Risk Management and the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims, including estimates of costs related to incurred but not reported claims, be reported.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**10. RISK MANAGEMENT (Continued)**

Changes in claims activity for the past two fiscal years are as follows:

| <u>Fiscal<br/>Year</u> | <u>Balance at<br/>Beginning<br/>of Year</u> | <u>Current Year<br/>Claims</u> | <u>Claims<br/>Payments</u> | <u>Balance at<br/>End of Year</u> |
|------------------------|---|--------------------------------|----------------------------|-----------------------------------|
| 1998                   | \$165,992                                   | \$731,765                      | \$799,323                  | \$98,434                          |
| 1999                   | 98,434                                      | 1,034,432                      | 1,063,639                  | 69,227                            |

**11. 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 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Prior to July 1, 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$816,256, \$750,294, and \$726,341, respectively; 82.85 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for fiscal years 1998 and 1997. \$140,012, 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, or by calling (614) 222-5853.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. School Employees Retirement System (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 1999, 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. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$242,153, \$260,001, and \$216,610, respectively; 50.08 percent has been contributed for fiscal year 1999 and 100 percent has been contributed for fiscal years 1998 and 1997. \$120,876, 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, none of the members of the Board of Education have elected Social Security.

**12. POSTEMPLOYMENT BENEFITS**

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

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. Through June 30, 1998, the Board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, the allocation was increased to 8 percent. For the School District, this amount equaled \$466,432 during fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. 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.

For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

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. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$103,775 during the 1999 fiscal year.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days. Upon retirement, payment is made for thirty-three percent of the employee's accumulated sick leave up to a maximum of 45 days for certified and administrative employees and 50 days for non-certified employees.

The amount of accumulated vacation and sick leave of employees paid from governmental funds is recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available resources. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund.

For governmental funds, the current portion of the liability for compensated absences reported in the General Fund was \$9,158, while the remaining amount of \$326,112 was reported in the General Long-Term Obligations Account Group. The liability for compensated absences in the Enterprise Funds was \$10,399 at June 30, 1999.

**B. 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.

Under the Ohio Public Employees Deferred Compensation program, all assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets of the plan are no longer reflected in the financial statements of the School District.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**14. LONG-TERM OBLIGATIONS**

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

|                                     | <u>Issue Date</u> | <u>Interest Rate</u> | <u>Principal Outstanding 7/1/98</u> | <u>Additions</u>   | <u>Reductions</u>  | <u>Principal Outstanding 6/30/99</u> |
|-------------------------------------|-------------------|----------------------|-------------------------------------|--------------------|--------------------|--------------------------------------|
| Compensated Absences                | N/A               | N/A                  | \$271,997                           | \$54,115           | \$0                | \$326,112                            |
| Intergovernmental Payable           | N/A               | N/A                  | 101,856                             | 0                  | 13,531             | 88,325                               |
| Capital Leases Payable              | N/A               | N/A                  | 20,063                              | 3,786              | 10,393             | 13,456                               |
| Energy Conservation Loan            | 5/17/96           | 5.40%                | 348,666                             | 0                  | 174,333            | 174,333                              |
| Notes Payable                       | 1/22/98           | 4.37%                | 5,010,000                           | 0                  | 5,010,000          | 0                                    |
| General Obligation Bonds            | 6/15/98           | 5.01%                | <u>0</u>                            | <u>5,010,000</u>   | <u>150,000</u>     | <u>4,860,000</u>                     |
| Total General Long-Term Obligations |                   |                      | <u>\$5,752,582</u>                  | <u>\$5,067,901</u> | <u>\$5,358,257</u> | <u>\$5,462,226</u>                   |

The 1998 Bond Anticipation Notes were issued in the amount of \$5,010,000 in January 1998, as a result of the School District being approved for \$11,041,812 in school facilities funding through the State Department of Education for the construction of a high school building. The School District issued the bond anticipation notes to provide a partial cash match to the school facilities funding. As a requirement, the School District was required to and did pass a 3.82 mill levy in November 1997. Of the 3.82 mill levy, 3.32 mills will be used for the retirement of the bonds that will be issued and in effect for twenty-three years. The remaining .5 mill is to be used for repairs and maintenance of the facility. As part of the funding process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences and the intergovernmental payable will be paid from the fund from which the person is paid. All other long-term obligations will be paid from the General Fund and Debt Service Fund.

The School District's voted legal debt margin was \$6,231,069, with an unvoted debt margin of \$123,234 at June 30, 1999.

Principal and interest requirements to retire the general obligation bonds, energy conservation loan, and capital leases at June 30, 1999, are as follows:

| <u>Fiscal Year Ending June 30</u> | <u>General Obligation Bonds</u> | <u>Energy Conservation Loan</u> | <u>Capital Leases</u> | <u>Totals</u>      |
|-----------------------------------|---------------------------------|---------------------------------|-----------------------|--------------------|
| 2000                              | \$364,968                       | \$183,746                       | \$10,535              | \$559,249          |
| 2001                              | 364,634                         | 0                               | 1,391                 | 366,025            |
| 2002                              | 368,928                         | 0                               | 921                   | 369,849            |
| 2003                              | 367,805                         | 0                               | 922                   | 368,727            |
| 2004                              | 366,361                         | 0                               | 845                   | 367,206            |
| 2005 - 2009                       | 1,826,159                       | 0                               | 0                     | 1,826,159          |
| 2010 - 2014                       | 1,817,863                       | 0                               | 0                     | 1,817,863          |
| 2015 - 2021                       | <u>2,534,750</u>                | <u>0</u>                        | <u>0</u>              | <u>2,534,750</u>   |
| Total Principal and Interest      | 8,011,468                       | 183,746                         | 14,614                | 8,209,828          |
| Less: Interest                    | <u>(3,151,468)</u>              | <u>(9,413)</u>                  | <u>(1,158)</u>        | <u>(3,162,039)</u> |
| Total Principal                   | <u>\$4,860,000</u>              | <u>\$174,333</u>                | <u>\$13,456</u>       | <u>\$5,047,789</u> |

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**15. INTERFUND ACTIVITY**

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

|                              | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| General Fund                 | \$45,010                        | \$0                          |
| Special Revenue Funds:       |                                 |                              |
| Miscellaneous Federal Grants | 0                               | 5,996                        |
| Capital Projects Fund:       |                                 |                              |
| Emergency Building Repair    | <u>0</u>                        | <u>39,014</u>                |
| Total                        | <u>\$45,010</u>                 | <u>\$45,010</u>              |

**16. STATUTORY SET-ASIDES**

The following changes occurred in the School District's set-aside reserve accounts during fiscal year 1999:

|   | <u>Budget<br/>Stabilization<br/>Reserve</u> | <u>Capital<br/>Improvements<br/>Reserve</u> | <u>Textbooks/<br/>Instructional<br/>Materials<br/>Reserve</u> | <u>Total</u>     |
|---|---|---|---|------------------|
| Set-aside Cash Balance<br>as of June 30, 1998       | \$62,496                                    | \$0   | \$0   | \$62,496         |
| Current Year Set-Aside<br>Requirement               | 75,707                                      | 151,414                                     | 151,414   | 378,535          |
| Current Year Offsets                                | 0   | 0   | 0   | 0                |
| Qualifying Disbursements                            | <u>0</u>                                    | <u>0</u>                                    | <u>(126,388)</u>  | <u>(126,388)</u> |
| Total   | <u>\$138,203</u>                            | <u>\$151,414</u>                            | <u>\$25,026</u>   | <u>\$314,643</u> |
| Cash Balance Carried<br>Forward to Fiscal Year 2000 | <u>\$138,203</u>                            | <u>\$151,414</u>                            | <u>\$25,026</u>   |                  |
| Total Restricted Assets                             |   |   |   | <u>\$314,643</u> |

**17. 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 in a summarized format the more significant financial data relating to the enterprise funds as of and for the fiscal year ended June 30, 1999:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

|  | <u>Food Service</u> | <u>Uniform<br/>School Supplies</u> | <u>Total</u> |
|--|---------------------|------------------------------------|--------------|
| Operating Revenues                     | \$128,007           | \$12,725                           | \$140,732    |
| Operating Expenses Before Depreciation | 545,246             | 7,792                              | 553,038      |
| Depreciation Expense                   | 5,873               | 0                                  | 5,873        |
| Operating Income (Loss)                | (423,112)           | 4,933                              | (418,179)    |
| Donated Commodities                    | 48,512              | 0                                  | 48,512       |
| Operating Grants                       | 373,755             | 0                                  | 373,755      |
| Net Income (Loss)                      | (845)               | 4,933                              | 4,088        |
| Net Working Capital                    | 88,782              | 1,081                              | 89,863       |
| Total Assets                           | 215,455             | 1,081                              | 216,536      |
| Total Liabilities                      | 59,249              | 0                                  | 59,249       |
| Total Equity                           | 156,206             | 1,081                              | 157,287      |

**18. CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the School District had the following contractual purchase commitments for school building improvements:

| <u>Contractor</u>                      | <u>Contract<br/>Amount</u> | <u>Amount<br/>Expended</u> | <u>Unexpended<br/>Balance at<br/>June 30, 1999</u> |
|--|----------------------------|----------------------------|--|
| Apex Construction Company              | \$4,757,766                | \$930,314                  | \$3,827,452  |
| Bushong Restaurant Equipment           | 271,810                    | 0                          | 271,810  |
| Claypool Electric Company              | 1,235,595                  | 94,602                     | 1,140,993  |
| Croson/Teepe L.L.P.                    | 2,148,651                  | 236,518                    | 1,912,133  |
| Fanning/Howey Associates, Inc.         | 875,000                    | 695,931                    | 179,069  |
| Farnham Equipment Company              | 377,600                    | 0                          | 377,600  |
| Global Fire Protection                 | 206,150                    | 51,741                     | 154,409  |
| JMD Architectural Products, Inc.       | 310,240                    | 80,167                     | 230,073  |
| Kenny Huston Company                   | 1,722,955                  | 536,380                    | 1,186,575  |
| Performance Site Management            | 1,048,790                  | 977,276                    | 71,514   |
| Professional Services Industries, Inc. | 36,310                     | 19,069                     | 17,241   |
| Quandel Group                          | 650,000                    | 299,000                    | 351,000  |
| Staggs Roofing                         | <u>572,672</u>             | <u>16,483</u>              | <u>556,189</u>                                     |
| Total                                  | <u>\$14,213,539</u>        | <u>\$3,937,481</u>         | <u>\$10,276,058</u>                                |



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**19. JOINTLY GOVERNED ORGANIZATIONS**

**A. Southeast Ohio Voluntary Educational Consortium (SEOVEC)**

The School District is a participant among a ten county consortium of school districts to operate the Southeast Ohio Voluntary Educational Consortium. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. SEOVEC is governed by a board of directors consisting of one representative from each of the participating districts. The degree of control exercised by any participating school district is limited to its representation on the board. The School District paid SEOVEC \$16,871 for services provided during the year. Financial information for SEOVEC can be obtained from their administrative offices at P.O. Box 1250, Athens, Ohio 45701.

**B. Gallia-Vinton Educational Service Center**

The Gallia-Vinton Educational Service Center is a jointly governed organization providing educational services to its two participating school districts. The Educational Service Center is governed by a board of education comprised of eight members appointed from the participating schools. The Board controls the financial activity of the Educational Service Center and reports to the Ohio Department of Education and the Auditor of State. The continued existence of the Educational Service Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 1999, the School District made no contributions to the Educational Service Center. To obtain financial information, write to the Gallia-Vinton Educational Service Center, P.O. Box 178, Rio Grande, Ohio 45674.

**C. Gallia-Jackson-Vinton Joint Vocational School District**

The Gallia-Jackson-Vinton Joint Vocational School District is a jointly governed organization providing vocational education services to its six participating school districts. The Joint Vocational School is governed by a board of education comprised of nine members appointed by the participating schools. The Board controls the financial activity of the Joint Vocational School and reports to the Ohio Department of Education and the Auditor of State. The continued existence of the Joint Vocational School is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 1999, the School District made no contributions to the Joint Vocational School. To obtain financial information, write to the Gallia-Jackson-Vinton Joint Vocational School District, P.O. Box 157, Rio Grande, Ohio 45674.

**20. INSURANCE PURCHASING POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan'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 Plan to cover the costs of administering the program.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**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 \$7,858,860 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had been awarded \$11,041,812 under this program and has received \$1,670,867.

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

**B. Litigation**

As of June 30, 1999, the School District did not have any pending litigation or potential liabilities that would have a material effect on the financial statements.

**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 January 18, 2000 the School District has completed an inventory of computer and other equipment necessary to conduct School District operations and has identified such systems as being financial reporting, payroll and employee benefits, asset and equipment inventory, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The School District has two school buildings with power, heating and air conditioning systems which have extensive efficiency utilization measures within these systems.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

**23. YEAR 2000 ISSUE (Continued)**

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, and the State of Ohio School Asset Account System/Equipment Inventory Subsystem for keeping its fixed asset records. 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" and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the School District through EMIS. The State is responsible for remediating these systems.

Vinton, Gallia, Jackson, and Hocking Counties collect property taxes for distribution to the School District. These Counties have tested and validated these systems for year 2000 compliance.

The School District has also attempted to solicit information from other entities such as vendors and service agents whose year 2000 compliance could effect the operations of the School District. Although the School District does not have full and complete knowledge, it has received no responses to date that would indicate problems with third-party year 2000 compliance that would have a materially negative impact on the School District.

To the best of management's knowledge and belief, as of January 18, 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.

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

| <b>FEDERAL GRANTOR</b><br><i>Pass-Through Grantor</i><br>Program Title                     | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Number | Receipts | Noncash<br>Receipts | Disbursements | Noncash<br>Disbursements |
|--|---------------------------|-------------------------------|----------|---------------------|---------------|--------------------------|
| <b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>   |                           |                               |          |                     |               |                          |
| <i>Pass-Through State Department of Education</i>  |                           |                               |          |                     |               |                          |
| Food Distribution Program  | 10.550                    | N/A                           | \$0      | \$48,512            | \$0           | \$51,365                 |
| Child Nutrition Cluster:   |                           |                               |          |                     |               |                          |
| School Breakfast Program   | 10.553                    | 05-PU-98                      | 22,668   | 0                   | 22,668        | 0                        |
|  |                           | 05-PU-99                      | 59,240   | 0                   | 59,240        | 0                        |
| Total School Breakfast Program   |                           |                               | 81,908   | 0                   | 81,908        | 0                        |
| National School Lunch Program  | 10.555                    | 03-PU-98                      | 10,462   | 0                   | 10,462        | 0                        |
|  |                           | 04-PU-98                      | 29,581   | 0                   | 29,581        | 0                        |
|  |                           | 03-PU-99                      | 57,838   | 0                   | 57,838        | 0                        |
|  |                           | 04-PU-99                      | 159,309  | 0                   | 159,309       | 0                        |
| Total National School Lunch Program  |                           |                               | 257,190  | 0                   | 257,190       | 0                        |
| Total Child Nutrition Cluster  |                           |                               | 339,098  | 0                   | 339,098       | 0                        |
| Total United States Department of Agriculture  |                           |                               | 339,098  | 48,512              | 339,098       | 51,365                   |
| <b>UNITED STATES DEPARTMENT OF LABOR</b>   |                           |                               |          |                     |               |                          |
| <i>Pass-Through State Department of Education</i>  |                           |                               |          |                     |               |                          |
| Employment Services and Job Training - Pilot<br>and Demonstration (School-to-Work) Program | 17.249                    | WK-BE-98                      | 26,619   | 0                   | 59,473        | 0                        |
| Total United States Department of Labor  |                           |                               | 26,619   | 0                   | 59,473        | 0                        |
| <b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>   |                           |                               |          |                     |               |                          |
| <i>Direct from the Federal Government</i>  |                           |                               |          |                     |               |                          |
| FEMA Flood Disaster Relief   | 83.544                    | N/A                           | 4,662    | 0                   | 1,850         | 0                        |
| Total Federal Emergency Management Agency  |                           |                               | 4,662    | 0                   | 1,850         | 0                        |
| <b>UNITED STATES DEPARTMENT OF EDUCATION</b>   |                           |                               |          |                     |               |                          |
| <i>Pass-Through State Department of Education</i>  |                           |                               |          |                     |               |                          |
| Title I Grants to Local Educational Agencies   | 84.010                    | C1-S1-98                      | 63,699   | 0                   | 160,209       | 0                        |
|  |                           | C1-S1-99                      | 471,025  | 0                   | 437,448       | 0                        |
| Total Title I Grants to Local Educational Agencies   |                           |                               | 534,724  | 0                   | 597,657       | 0                        |
| Special Education Cluster:   |                           |                               |          |                     |               |                          |
| Special Education - Grants to States   | 84.027                    | 6B-SF-97P                     | 8,587    | 0                   | 24,972        | 0                        |
|  |                           | 6B-SF-98P                     | 122,665  | 0                   | 110,857       | 0                        |
|  |                           | 6B-SX-99                      | 50,000   | 0                   | 0             | 0                        |
| Total Special Education - Grants to States   |                           |                               | 181,252  | 0                   | 135,829       | 0                        |
| Special Education Preschool Grant  | 84.173                    | PG-S1-97P                     | 0        | 0                   | 2,313         | 0                        |
|  |                           | PG-S1-98P                     | 19,266   | 0                   | 9,887         | 0                        |
| Total Special Education Preschool Grant  |                           |                               | 19,266   | 0                   | 12,200        | 0                        |
| Total Special Education Cluster  |                           |                               | 200,518  | 0                   | 148,029       | 0                        |
| Safe and Drug-Free Schools and Communities   | 84.186                    | DR-S1-97                      | 0        | 0                   | 4,997         | 0                        |
|  |                           | DR-S1-98                      | 10,360   | 0                   | 15,667        | 0                        |
|  |                           | DR-S1-99                      | 13,946   | 0                   | 5,679         | 0                        |
| Total Safe and Drug-Free Schools and Communities   |                           |                               | 24,306   | 0                   | 26,343        | 0                        |
| Goals 2000 - State and Local<br>Education Systemic Improvement Grant                       | 84.276                    | G2-S1-97                      | 0        | 0                   | 10,304        | 0                        |
|  |                           | G2-S2-97C                     | (2,237)  | 0                   | 6,046         | 0                        |
|  |                           | G2-S4-98                      | 0        | 0                   | 3,735         | 0                        |
|  |                           | G2-S4-99                      | 3,000    | 0                   | 2,907         | 0                        |
| Total Goals 2000 - Education System Improvement Act  |                           |                               | 763      | 0                   | 22,992        | 0                        |
| Eisenhower Professional Development State Grants   | 84.281                    | MS-S1-98                      | 0        | 0                   | 8,203         | 0                        |
|  |                           | MS-S1-99                      | 16,769   | 0                   | 10,340        | 0                        |
| Total Eisenhower Professional Development State Grants                                     |                           |                               | 16,769   | 0                   | 18,543        | 0                        |

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

| <b>FEDERAL GRANTOR</b><br><i>Pass-Through Grantor</i><br>Program Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Number | Receipts                  | Noncash<br>Receipts    | Disbursements             | Noncash<br>Disbursements |
|--|---------------------------|-------------------------------|---------------------------|------------------------|---------------------------|--------------------------|
| <b>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</b>                 |                           |                               |                           |                        |                           |                          |
| <i>Pass-Through State Department of Education (Continued)</i>            |                           |                               |                           |                        |                           |                          |
| Innovative Education Program Strategies                                  | 84.298                    | C2-S1-98                      | 0                         | 0                      | 1,969                     | 0                        |
|  |                           | C2-S1-99                      | <u>9,085</u>              | <u>0</u>               | <u>6,779</u>              | <u>0</u>                 |
| Total Innovative Education Program Strategies                            |                           |                               | 9,085                     | 0                      | 8,748                     | 0                        |
| Tech Literacy Challenge Fund   | 84.318                    | TF-S2-98                      | 0                         | 0                      | 128,702                   | 0                        |
|  |                           | TF-S2-98P                     | 100,000                   | 0                      | 100,000                   | 0                        |
|  |                           | TF-23-98P                     | <u>62,500</u>             | <u>0</u>               | <u>12,325</u>             | <u>0</u>                 |
| Total Tech Literacy Challenge Fund                                       |                           |                               | <u>162,500</u>            | <u>0</u>               | <u>241,027</u>            | <u>0</u>                 |
| Total United States Department of Education                              |                           |                               | 948,665                   | 0                      | 1,063,339                 | 0                        |
| <b>UNITED STATES DEPARTMENT OF HUMAN SERVICES</b>                        |                           |                               |                           |                        |                           |                          |
| <i>Pass-Through State Department of Education</i>                        |                           |                               |                           |                        |                           |                          |
| Dental Grant   | 93.994                    | N/A                           | <u>17,577</u>             | <u>0</u>               | <u>21,350</u>             | <u>0</u>                 |
| Total United States Department of Human Services                         |                           |                               | 17,577                    | 0                      | 21,350                    | 0                        |
| <b>APPALACHIAN REGIONAL COMMISSION</b>                                   |                           |                               |                           |                        |                           |                          |
| <i>Direct from the Federal Government</i>                                |                           |                               |                           |                        |                           |                          |
| Appalachian Regional Development - Math and Science<br>Telecommunication | 23.001                    | N/A                           | <u>21,838</u>             | <u>0</u>               | <u>19,603</u>             | <u>0</u>                 |
| Total Appalachian Regional Commission                                    |                           |                               | <u>21,838</u>             | <u>0</u>               | <u>19,603</u>             | <u>0</u>                 |
| <b>Total Federal Awards Receipts and Expenditures</b>                    |                           |                               | <b><u>\$1,358,459</u></b> | <b><u>\$48,512</u></b> | <b><u>\$1,504,713</u></b> | <b><u>\$51,365</u></b>   |

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL 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 - 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.

**Note 3 - Food Distribution**

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

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

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

Vinton County Local School District  
Vinton County  
112 North Market Street  
McArthur, Ohio 45651

To the Board of Education:

We have audited the general purpose financial statements of the Vinton County Local School District, Vinton County, Ohio, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 18, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule as item 1999-10782-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 18, 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 January 18, 2000.



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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

**Jim Petro**  
Auditor of State

January 18, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

**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**

Vinton County Local School District  
Vinton County  
112 North Market Street  
McArthur, Ohio 45651

To the Board of Education:

**Compliance**

We have audited the compliance of the Vinton County Local School District, Vinton 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 programs for the year ended June 30, 1999. The School District's major federal programs are 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 programs 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 programs 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.

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

**Jim Petro**  
Auditor of State

January 18, 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)?                   | Yes   |
| (d)(1)(iv)   | Were there any material internal control weakness conditions reported for major federal programs?         | No  |
| (d)(1)(iv)   | Were there any other reportable internal control weakness conditions reported for major federal programs? | No  |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion  | Unqualified   |
| (d)(1)(vi)   | Are there any reportable findings under §.510?  | No  |
| (d)(1)(vii)  | Major Programs (list):  | Technology Literacy Challenge Fund Grant<br>CFDA #84.318<br><br>Nutrition Cluster:<br>School Breakfast Program,<br>CFDA #10.553<br><br>National School Lunch Program,<br>CFDA #10.555 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs   | Type A: > \$300,000<br>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**

**Finding 1999-10782-001 - Finding for Recovery**

On June 4, 1999, Lisa Thornton, a student activities advisor, took a group of students and chaperones on a class trip to Wyandot Lake. A check (#42840) was issued to Wyandot Lake in the amount of \$448.00 for admission, and a check (#42839) was issued to her in the amount of \$128.00 for cash for lunches. The checks represented the admission for 32 persons at \$14.00 per person and lunch costs for 32 persons at \$4.00 per person. However, the actual price of admission was \$9.00 per person, and only 22 admissions were needed. As a result, a refund was issued to her, in cash, by Wyandot Lake. Also, only 22 lunches would have been required. As a result, there was an excess amount of cash that should have been returned to the School District at the conclusion of this activity. There was no record of the return of cash.

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**Finding 1999-10782-001 - Finding for Recovery (Continued)**

The following represents the amount of cash that is not accounted for:

|                        | <u>Admissions</u> | <u>Lunches</u> | <u>Total</u>    |
|------------------------|-------------------|----------------|-----------------|
| Cash Received for Trip | \$448.00          | \$128.00       | \$576.00        |
| Cash Expended for Trip | <u>198.00</u>     | <u>88.00</u>   | <u>286.00</u>   |
| Cash Not Accounted For | <u>\$250.00</u>   | <u>\$40.00</u> | <u>\$290.00</u> |

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery is issued for monies not accounted for against Lisa Thornton and the Ohio Farmers Insurance Company, her bonding company, jointly and severally, for the amount of \$290.00. The amount identified above is in favor of the General Fund of the Vinton County Local School District.

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to federal awards.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**VINTON COUNTY LOCAL SCHOOL DISTRICT**

**VINTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 17, 2000**