



**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Tri-County North Local School District
Preble County
436 North Commerce Street
P.O. Box 40
Lewisburg, Ohio 45338

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Tri-County North Local School District, Preble County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Tri-County North Local School District, Preble County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 21, 2000

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**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>GOVERNMENTAL FUND TYPES</u>				<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPES</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>ENTERPRISE</u>	<u>TRUST AND AGENCY</u>
Assets and Other Debits						
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$3,074,624	\$171,894	\$883,865	\$1,578,410	\$149,813	\$65,726
Cash and Cash Equivalents:						
with Fiscal Agents	0	8,935	0	0	0	0
with Escrow Agents	0	0	0	40,190	0	0
Receivables:						
Property Taxes	3,061,533	27,216	397,400	163,515	0	0
Accounts	67	475	0	0	15,349	100
Intergovernmental	9,986	5,223	0	1,753	0	0
Accrued Interest	25,889	0	0	29,194	0	0
Interfund	523	0	0	0	0	0
Prepaid Items	11,911	0	0	0	0	0
Inventory of Supplies and Materials	22,879	0	0	0	3,405	0
Inventory Held for Resale	0	0	0	0	9,823	0
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	163,840	0	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	76,584	0
Other Debits:						
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations	0	0	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0
Total Assets and Other Debits	<u>\$6,371,252</u>	<u>\$213,743</u>	<u>\$1,281,265</u>	<u>\$1,813,062</u>	<u>\$254,974</u>	<u>\$65,826</u>
Liabilities, Fund Equity and Other Credits						
Liabilities:						
Accounts Payable	\$25,054	\$3,952	\$0	\$2,026	\$2,654	\$116
Contracts Payable	0	0	0	193,905	0	0
Retainage Payable	0	0	0	29,254	0	0
Accrued Wages and Benefits Payable	499,323	31,868	0	0	8,397	0
Intergovernmental Payable	145,261	4,333	0	0	12,428	0
Interfund Payable	0	0	0	523	0	0
Due to Students	0	0	0	0	0	53,047
Deferred Revenue	2,997,293	26,102	388,989	160,488	7,502	0
Accrued Interest Payable	0	0	0	59,862	0	0
Compensated Absences Payable	6,263	0	0	0	36,399	0
Notes Payable	0	0	0	1,580,000	0	0
School Facilities Loan Payable	0	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	0	0
Total Liabilities	<u>3,673,194</u>	<u>66,255</u>	<u>388,989</u>	<u>2,026,058</u>	<u>67,380</u>	<u>53,163</u>
Fund Equity and Other Credits:						
Investment in General Fixed Assets	0	0	0	0	0	0
Retained Earnings:						
Unreserved	0	0	0	0	187,594	0
Fund Balance:						
Reserved for Encumbrances	63,888	28,416	0	384,569	0	0
Reserved for Property Taxes	64,240	1,114	8,411	3,027	0	0
Reserved for Inventory of Supplies and Materials	22,879	0	0	0	0	0
Reserved for Textbooks and Instructional Materials	76,792	0	0	0	0	0
Reserved for Budget Stabilization	71,728	0	0	0	0	0
Reserved for School Bus Purchases	15,320	0	0	0	0	0
Reserved for Nonexpendable Trust Fund	0	0	0	0	0	11,547
Unreserved:						
Designated for Textbooks and Instructional Materials	53,015	0	0	0	0	0
Designated for Budget Stabilization	212,942	0	0	0	0	0
Unreserved, Undesignated (Deficit)	2,117,254	117,958	883,865	(600,592)	0	1,116
Total Fund Equity (Deficit) and Other Credits	<u>2,698,058</u>	<u>147,488</u>	<u>892,276</u>	<u>(212,996)</u>	<u>187,594</u>	<u>12,663</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,371,252</u>	<u>\$213,743</u>	<u>\$1,281,265</u>	<u>\$1,813,062</u>	<u>\$254,974</u>	<u>\$65,826</u>

ACCOUNT GROUPS		
GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTAL (MEMORANDUM ONLY)
\$0	\$0	\$5,924,332
0	0	8,935
0	0	40,190
0	0	3,649,664
0	0	15,991
0	0	16,962
0	0	55,083
0	0	523
0	0	11,911
0	0	26,284
0	0	9,823
0	0	163,840
16,086,382	0	16,162,966
0	892,276	892,276
<u>0</u>	<u>6,900,008</u>	<u>6,900,008</u>
<u>\$16,086,382</u>	<u>\$7,792,284</u>	<u>\$33,878,788</u>

\$0	\$0	\$33,802
0	0	193,905
0	0	29,254
0	0	539,588
0	49,988	212,010
0	0	523
0	0	53,047
0	0	3,580,374
0	0	59,862
0	92,571	135,233
0	0	1,580,000
0	6,424,725	6,424,725
0	1,225,000	1,225,000
<u>0</u>	<u>7,792,284</u>	<u>14,067,323</u>

16,086,382	0	16,086,382
0	0	187,594
0	0	476,873
0	0	76,792
0	0	22,879
0	0	76,792
0	0	71,728
0	0	15,320
0	0	11,547
0	0	53,015
0	0	212,942
0	0	2,519,601
<u>16,086,382</u>	<u>0</u>	<u>19,811,465</u>
<u>\$16,086,382</u>	<u>\$7,792,284</u>	<u>\$33,878,788</u>

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
Revenues:					
Property Taxes	\$2,650,757	\$24,432	\$342,808	\$141,781	\$3,159,778
Intergovernmental	3,204,005	355,060	34,061	42,901	3,636,027
Interest	182,289	0	0	182,559	364,848
Tuition and Fees	101,264	0	0	0	101,264
Rent	3,163	0	0	0	3,163
Extracurricular Activities	0	102,392	0	0	102,392
Gifts and Donations	7,600	5,000	0	0	12,600
Miscellaneous	5,792	4,665	0	58,351	68,808
Total Revenues	<u>6,154,870</u>	<u>491,549</u>	<u>376,869</u>	<u>425,592</u>	<u>7,448,880</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,655,489	66,445	0	52,099	2,774,033
Special	541,618	195,944	0	0	737,562
Vocational	92,054	0	0	280	92,334
Support Services:					
Pupils	284,777	52,023	0	0	336,800
Instructional Staff	182,775	39,215	0	3,290	225,280
Board of Education	9,288	0	0	0	9,288
Administration	654,321	6,612	0	4,033	664,966
Fiscal	121,787	1,815	8,889	4,169	136,660
Operation and Maintenance of Plant	517,067	7,180	0	58,946	583,193
Pupil Transportation	356,836	0	0	609	357,445
Central	9,932	0	0	29,999	39,931
Extracurricular Activities	127,084	107,080	0	0	234,164
Capital Outlay	20,690	0	0	1,252,945	1,273,635
Debt Service:					
Principal Retirement	0	0	145,759	0	145,759
Interest and Fiscal Charges	0	0	103,486	64,166	167,652
Total Expenditures	<u>5,573,718</u>	<u>476,314</u>	<u>258,134</u>	<u>1,470,536</u>	<u>7,778,702</u>
Excess of Revenues Over (Under)					
Expenditures	<u>581,152</u>	<u>15,235</u>	<u>118,735</u>	<u>(1,044,944)</u>	<u>(329,822)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	1,334	0	0	0	1,334
Operating Transfers In	0	0	0	203,498	203,498
Operating Transfers Out	(17,098)	0	(191,400)	0	(208,498)
Total Other Financing Sources (Uses)	<u>(15,764)</u>	<u>0</u>	<u>(191,400)</u>	<u>203,498</u>	<u>(3,666)</u>
Excess of Revenues and Other Financing Sources Over (Under)					
Expenditures and Other Financing Uses	565,388	15,235	(72,665)	(841,446)	(333,488)
Fund Balances at Beginning of Year - Restated (Note 4)	2,143,165	132,253	964,941	628,450	3,868,809
Decrease in Reserve for Inventory	(10,495)	0	0	0	(10,495)
Fund Balances (Deficit) at End of Year	<u>\$2,698,058</u>	<u>\$147,488</u>	<u>\$892,276</u>	<u>(\$212,996)</u>	<u>\$3,524,826</u>

See Accompanying Notes to the Financial Statements

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**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Property Taxes	\$2,690,467	\$2,690,467	\$0	\$23,318	\$23,318	\$0
Intergovernmental	3,194,020	3,194,020	0	334,088	334,088	0
Interest	174,650	174,650	0	0	0	0
Tuition and Fees	101,235	101,235	0	0	0	0
Rent	3,163	3,163	0	0	0	0
Extracurricular Activities	0	0	0	101,731	101,731	0
Gifts and Donations	7,600	7,600	0	5,000	5,000	0
Miscellaneous	4,246	4,246	0	4,392	4,392	0
Total Revenues	6,175,381	6,175,381	0	468,529	468,529	0
Expenditures:						
Current:						
Instruction:						
Regular	2,622,691	2,622,125	566	73,979	70,615	3,364
Special	563,378	563,378	0	203,065	175,008	28,057
Vocational	94,856	94,856	0	0	0	0
Other	53,433	53,433	0	0	0	0
Support Services:						
Pupils	284,706	284,706	0	56,431	49,232	7,199
Instructional Staff	181,292	181,292	0	36,170	35,271	899
Board of Education	9,368	9,368	0	0	0	0
Administration	669,723	669,723	0	5,908	5,908	0
Fiscal	120,258	120,258	0	6,000	1,829	4,171
Operation and Maintenance of Plant	523,718	523,718	0	47,334	13,175	34,159
Pupil Transportation	369,027	353,706	15,321	0	0	0
Central	10,158	10,158	0	0	0	0
Extracurricular Activities	130,537	130,537	0	124,802	121,254	3,548
Capital Outlay	30,480	30,480	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	5,663,625	5,647,738	15,887	553,689	472,292	81,397
Excess of Revenues Over (Under) Expenditures	511,756	527,643	15,887	(85,160)	(3,763)	81,397
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	4,825	4,825	0	381	381	0
Proceeds from Sale of Fixed Assets	1,334	1,334	0	0	0	0
Advances In	0	92,204	92,204	0	55,204	55,204
Advances Out	0	(92,204)	(92,204)	0	(55,204)	(55,204)
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(17,098)	(17,098)	0	0	0	0
Total Other Financing Sources (Uses)	(10,939)	(10,939)	0	381	381	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	500,817	516,704	15,887	(84,779)	(3,382)	81,397
Fund Balances at Beginning of Year	2,494,136	2,494,136	0	125,968	125,968	0
Prior Year Encumbrances Appropriated	110,407	110,407	0	16,100	16,100	0
Fund Balances at End of Year	\$3,105,360	\$3,121,247	\$15,887	\$57,289	\$138,686	\$81,397

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$346,954	\$346,954	\$0	\$144,340	\$144,340	\$0
34,061	34,061	0	41,147	41,147	0
0	0	0	153,365	153,365	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	58,351	58,351	0
<u>381,015</u>	<u>381,015</u>	<u>0</u>	<u>397,203</u>	<u>397,203</u>	<u>0</u>
0	0	0	54,958	54,958	0
0	0	0	0	0	0
0	0	0	280	280	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	3,290	3,290	0
0	0	0	0	0	0
0	0	0	4,033	4,033	0
9,095	9,095	0	4,238	4,238	0
0	0	0	67,134	67,134	0
0	0	0	609	609	0
0	0	0	28,247	28,247	0
0	0	0	0	0	0
0	0	0	1,549,233	1,549,233	0
265,759	265,759	0	0	0	0
175,806	175,806	0	0	0	0
<u>450,660</u>	<u>450,660</u>	<u>0</u>	<u>1,712,022</u>	<u>1,712,022</u>	<u>0</u>
(69,645)	(69,645)	0	(1,314,819)	(1,314,819)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	12,098	12,098	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>12,098</u>	<u>12,098</u>	<u>0</u>
(69,645)	(69,645)	0	(1,302,721)	(1,302,721)	0
760,192	760,192	0	2,082,415	2,082,415	0
192,190	192,190	0	313,819	313,819	0
<u>\$882,737</u>	<u>\$882,737</u>	<u>\$0</u>	<u>\$1,093,513</u>	<u>\$1,093,513</u>	<u>\$0</u>

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>ENTERPRISE</u>	<u>NONEXPENDABLE TRUST</u>	
Operating Revenues:			
Sales	\$232,041	\$0	\$232,041
Interest	0	755	755
Contributions and Donations	0	67	67
Tuition	4,140	0	4,140
Other	23,809	0	23,809
Total Operating Revenues	<u>259,990</u>	<u>822</u>	<u>260,812</u>
Operating Expenses:			
Salaries	98,924	0	98,924
Fringe Benefits	46,078	0	46,078
Purchased Services	2,122	0	2,122
Materials and Supplies	9,451	0	9,451
Cost of Sales	196,860	0	196,860
Depreciation	10,044	0	10,044
Other	0	759	759
Total Operating Expenses	<u>363,479</u>	<u>759</u>	<u>364,238</u>
Operating Income (Loss)	<u>(103,489)</u>	<u>63</u>	<u>(103,426)</u>
Non-Operating Revenues:			
Interest	5,566	0	5,566
Federal and State Subsidies	65,176	0	65,176
Federal Donated Commodities	22,679	0	22,679
Total Non-Operating Revenues	<u>93,421</u>	<u>0</u>	<u>93,421</u>
Net Income (Loss) Before Operating Transfers	(10,068)	63	(10,005)
Operating Transfers In	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Net Income (Loss)	(5,068)	63	(5,005)
Retained Earnings/Fund Balance at Beginning of Year	<u>192,662</u>	<u>12,600</u>	<u>205,262</u>
Retained Earnings/Fund Balance at End of Year	<u>\$187,594</u>	<u>\$12,663</u>	<u>\$200,257</u>

See Accompanying Notes to the Financial Statements

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>ENTERPRISE FUNDS</u>			<u>NONEXPENDABLE TRUST FUND</u>		
	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:						
Sales	\$232,041	\$232,041	\$0	\$0	\$0	\$0
Interest	5,566	5,566	0	740	740	0
Federal and State Subsidies	74,996	74,996	0	0	0	0
Contributions and Donations	0	0	0	83	83	0
Refund of Prior Year's Expense	1,327	1,327	0	0	0	0
Other	23,390	23,390	0	0	0	0
Total Revenues	<u>337,320</u>	<u>337,320</u>	<u>0</u>	<u>823</u>	<u>823</u>	<u>0</u>
Expenses:						
Salaries	134,057	134,057	0	0	0	0
Fringe Benefits	42,921	42,921	0	0	0	0
Purchased Services	2,185	2,185	0	0	0	0
Materials and Supplies	182,571	182,571	0	0	0	0
Capital Outlay	648	648	0	0	0	0
Other	0	0	0	12,648	1,759	10,889
Total Expenses	<u>362,382</u>	<u>362,382</u>	<u>0</u>	<u>12,648</u>	<u>1,759</u>	<u>10,889</u>
Excess of Revenues Under Expenses Before Advances and Operating Transfers	(25,062)	(25,062)	0	(11,825)	(936)	10,889
Advances In	0	37,000	37,000	0	0	0
Advances Out	0	(37,000)	(37,000)	0	0	0
Operating Transfers In	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Under Expenses, Advances, and Operating Transfers	(20,062)	(20,062)	0	(11,825)	(936)	10,889
Fund Equity at Beginning of Year	156,983	156,983	0	11,825	11,825	0
Prior Year Encumbrances Appropriated	6,360	6,360	0	758	758	0
Fund Equity at End of Year	<u>\$143,281</u>	<u>\$143,281</u>	<u>\$0</u>	<u>\$758</u>	<u>\$11,647</u>	<u>\$10,889</u>

See Accompanying Notes to the Financial Statements

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>PROPRIETARY FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>ENTERPRISE</u>	<u>NONEXPENDABLE TRUST</u>	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$232,041	\$67	232,108
Other Operating Receipts	24,780	0	24,780
Cash Payments for Employee Services and Benefits	(176,978)	0	(176,978)
Cash Payments to Suppliers for Goods and Services	(178,872)	0	(178,872)
Other Operating Expenses	0	(759)	(759)
Net Cash Used In Operating Activities	<u>(99,029)</u>	<u>(692)</u>	<u>(99,721)</u>
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies Received	74,996	0	74,996
Advances In	37,000	0	37,000
Advances Out	(37,000)	0	(37,000)
Operating Transfers In	5,000	0	5,000
Net Cash Provided By Noncapital Financing Activities	<u>79,996</u>	<u>0</u>	<u>79,996</u>
Cash Flows from Investing Activities:			
Interest	5,566	755	6,321
Net Cash Provided By Investing Activities	<u>5,566</u>	<u>755</u>	<u>6,321</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,467)	63	(13,404)
Cash and Cash Equivalents Beginning of Year	<u>163,280</u>	<u>12,600</u>	<u>175,880</u>
Cash and Cash Equivalents End of Year	<u>\$149,813</u>	<u>\$12,663</u>	<u>\$162,476</u>
Reconciliation of Operating Income (Loss) to Net Cash Used In Operating Activities:			
Operating Income (Loss)	(\$103,489)	\$63	(\$103,426)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	10,044	0	10,044
Donated Commodities Received	22,679	0	22,679
Interest in Nonexpendable Trust Fund	0	(755)	(755)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(3,169)	0	(3,169)
Decrease in Inventory of Supplies and Materials	6,020	0	6,020
Increase in Inventory Held for Resale	(387)	0	(387)
Increase in Accounts Payable	2,618	0	2,618
Increase in Accrued Wages and Benefits Payable	453	0	453
Increase in Intergovernmental Payable	1,204	0	1,204
Decrease in Compensated Absences Payable	(35,002)	0	(35,002)
Net Cash Used In Operating Activities	<u>(\$99,029)</u>	<u>(\$692)</u>	<u>(\$99,721)</u>
Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents-All Fiduciary Funds		\$65,726	
Cash and Cash Equivalents-Agency Fund		<u>(53,063)</u>	
Cash and Cash Equivalents-Nonexpendable Trust Fund		<u>\$12,663</u>	

See Accompanying Notes to the Financial Statements

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Tri-County North Local School District (the "School District") was created from the northern half of the Twin Valley District in 1983. In August, 1990, a K-12 facility was dedicated as one of Ohio's newest public school districts. The School District is a body politic and corporate established for the purpose of exercising rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School operates under a locally-elected five member Board form of government and provides educational services as mandated authorized by State and/or federal agencies. This Board of Education controls the School District's three instructional/support facilities staffed by 46 non-certified employees, 81 certificated full time teaching personnel and 4 administrative employees who provide services to 1,191 students and other community members.

A reporting entity is composed of the primary government. 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 Tri-County North Local School District, this includes general operations, food service, latchkey services and student related activities of the School District.

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

The School District is associated with three jointly governed organizations, one insurance purchasing pool and one shared risk pool. These organizations include the Southwest Ohio Computer Association (SWOCA), the Southwestern Ohio Educational Purchasing Council (SOEPC), the Southwestern Ohio Instructional Technology Association (SOITA), the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), and the Preble County Schools Regional Council of Governments (COG), respectively. These organizations are presented in Notes 17, 18 and 19 to the combined financial statements.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tri-County North Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary funds 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 regulations, 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.

Governmental Fund Types:

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

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Capital Projects Funds - The 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 the nonexpendable trust fund).

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

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

Account Groups:

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

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

B. Measurement Focus and Basis of Accounting

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

All enterprise funds and the nonexpendable trust fund 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. The School District does not have any contributed capital. Enterprise funds and the nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., 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 for advance, tuition, student fees, grants and interest.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time 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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The Eisenhower grant and drug free schools special revenue funds grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Preble County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. Prior to year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. 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, two supplemental appropriations were legally enacted; however, these amendments were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than the agency fund, consistent with statutory provisions.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. One fund had expended amounts greater than its share of pooled cash and cash equivalents. This fund had a negative cash balance at fiscal year end that was eliminated by a short-term loan from the general fund. The balance of the Eisenhower grant and drug free schools activity administered by the fiscal agent is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents." This represents deposits held at the Preble County Educational Service Center. Cash and cash equivalents that are held separately in escrow accounts at a financial institution for retainage and not held with the Treasurer are recorded in the balance sheet as "Cash and Cash Equivalents with Escrow Agents" and represent deposits.

During fiscal year 2000, the School District's investments were limited to certificates of deposit, which are reported at cost.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$182,289, which includes \$92,827 assigned from other School District funds. The School District also received interest in the capital projects funds, the enterprise funds and the nonexpendable trust fund in the amounts of \$182,559, \$5,566 and \$755, respectively.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food and non-food supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets

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

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

useful life of five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Program

Non-Reimbursable Grants

Special Revenue Funds

Career Development
Education Management Information Systems
Title VI-B
Title I
Title VI
Title VI-R
Public School Preschool
OIS Grant
Teacher Development
Eisenhower Grant
Drug-Free Schools
Classroom Facilities Maintenance
ICP Grant
School Net Professional Development

Capital Projects Funds

School Net Plus
Tech Equity

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reimbursable Grants

General Fund

Driver Education

Special Revenue Fund

Ohio Reads Grant

Enterprise Funds

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 49 percent of governmental revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

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

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest on short-term notes have also been allocated accordingly.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials, and to create a reserve for budget stabilization.

N. Estimates

The preparation of the 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.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, inventory of supplies and materials, textbooks and instructional materials, budget stabilization, school bus purchases, and endowments in the nonexpendable trust fund.

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

P. Fund Designations

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations represent amounts set-aside budget stabilization which exceed the statutory required amount. The amount designated for budget stabilization this year for the School District is \$53,015 for textbooks and instructional materials and \$212,942 for budget stabilization.

Q. Total Columns on General-Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY

At June 30, 2000, the EMIS, Title I, and Title VI-R special revenue funds had deficit fund balances of \$944, \$1,981, and \$1,147 respectively. These deficits were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The Stay At Home capital projects fund had a deficit fund balance of \$1,001,936. This deficit is a result of the notes

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 3 - ACCOUNTABILITY (continued)

payable being reported as a fund liability. The fund deficit will be eliminated when bonds are issued and resources are provided for the retirement of the note.

NOTE 4 -PRIOR PERIOD ADJUSTMENT

In fiscal year 2000, the School District changed the fund classification of an expendable trust fund to a capital projects fund. The result of this change on excess of revenues and other financing sources over expenditures and other financing uses was to increase the excess as previously reported in the capital projects funds by \$25,900 from \$50,056 to \$75,956, and to decrease the excess in the expendable trust fund as previously reported by \$25,900 from \$25,900 to \$0. The result of this change on fund equity as of June 30, 1999 in the capital projects funds was an increase of \$25,900 from \$602,550 to \$628,450 and a decrease of \$25,900 in the expendable trust fund from \$25,900 to \$0.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type and the nonexpendable trust fund (GAAP basis).
4. Principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as a balance sheet transaction (GAAP basis).

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

5. The School District does not budget for the activities of the Eisenhower grant or drug free schools special revenue funds administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Tri-County North Local School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$565,388	\$15,235	(\$72,665)	(\$841,446)
Revenue Accruals	25,336	(16,927)	4,146	(28,389)
Expenditure Accruals	44,272	36,432	(72,526)	283,009
Debt Principal Payment	0	0	(120,000)	0
Prepays	(7,306)	0	0	0
Non-Budgeted Funds	0	(5,712)	0	0
Transfers	0	0	191,400	(191,400)
Encumbrances	<u>(110,986)</u>	<u>(32,410)</u>	<u>0</u>	<u>(524,495)</u>
Budget Basis	<u><u>\$516,704</u></u>	<u><u>(\$3,382)</u></u>	<u><u>(\$69,645)</u></u>	<u><u>(\$1,302,721)</u></u>

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Income (Loss)/Excess of Revenues
Under Expenses, Advances and Operating Transfers
Proprietary Fund Type and Nonexpendable Trust Fund

	Enterprise	Nonexpendable Trust
GAAP Basis	(\$5,068)	\$63
Revenue Accruals	6,588	1
Expense Accruals	(19,461)	0
Inventory of Materials and Supplies	(6,020)	0
Inventory Held for Resale	387	0
Depreciation Expense	10,044	0
Encumbrances	(6,532)	(1,000)
Budget Basis	(\$20,062)	(\$936)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of 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 monies deposited with the institution.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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
6. 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.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The "Cash and Cash Equivalents with Fiscal Agent" of \$8,935 shown in the special revenue funds is maintained with the Preble County Educational Service Center; therefore, this is not included in the deposits for Tri-County North. GASB 3 disclosures regarding this amount can be obtained from the Educational Service Center's annual report.

Deposits: At year end, the carrying amount of the School District's deposits was \$6,128,362 and the bank balance was \$6,432,006. Of the bank balance:

1. \$346,445 of the bank balance was covered by federal depository insurance; and
2. \$6,085,561 was considered uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's counterparty's trust department or 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. The School District's only investments at June 30, 2000 were certificates of deposits which are disclosed in the deposits section of this note.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 7 - PROPERTY TAXES (continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$68,255,170	69.21%	\$81,956,530	73.96%
Public Utility	7,699,210	7.81	7,757,040	7.00
Tangible Personal Property	22,669,440	22.98	21,100,770	19.04
Total Assessed Value	\$98,623,820	100.00%	\$110,814,340	100.00%
Tax rate per \$1,000 of assessed valuation		\$43.13		\$42.63

The tax rate decreased due to a levy that was not renewed.

The School District receives property taxes from Darke, Montgomery and Preble 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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 7 - PROPERTY TAXES (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. 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, 2000 was \$76,792 and is recognized as revenue. \$64,240 was available to the general fund, \$1,114 was available to the classroom facilities maintenance special revenue fund, \$8,411 was available to the bond retirement debt service fund, and \$3,027 was available to the permanent improvement capital projects fund.

NOTE 8 -RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rents, billings for user charged services, and student fees), intergovernmental grants, accrued interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
Driver's Education Reimbursement	\$1,650
Montgomery County ESC	<u>8,336</u>
Total General Fund	<u>9,986</u>
Special Revenue Funds:	
Title VI - Grant	3,954
E-Rate	<u>1,269</u>
Total Special Revenue Funds	<u>5,223</u>
Capital Projects Fund:	
School Net Plus	<u>1,753</u>
Total Intergovernmental Receivables	<u><u>\$16,962</u></u>

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$115,677
Less Accumulated Depreciation	<u>(39,093)</u>
Net Fixed Assets	<u><u>\$76,584</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 06/30/99	Additions	Deletions	Balance at 06/30/00
Land and Improvements	\$568,964	\$0	\$0	\$568,964
Buildings and Improvements	11,919,440	308,221	0	12,227,661
Furniture, Fixtures and Equipment	2,719,205	61,918	95,816	2,685,307
Vehicles	<u>549,730</u>	<u>54,720</u>	<u>0</u>	<u>604,450</u>
Total General Fixed Assets	<u><u>\$15,757,339</u></u>	<u><u>\$424,859</u></u>	<u><u>\$95,816</u></u>	<u><u>\$16,086,382</u></u>

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance for property and liability insurance, Nationwide Insurance for fleet insurance, inland marine coverage, and boiler and machinery coverage.

Coverages provided by Indiana Insurance are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$9,451,650
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Coverages provided by Nationwide Insurance are as follows:

Bus Fleet \$1,000,000 Comprehensive (\$50 deductible) Collision (\$500 deductible)	
Uninsured Motorists	
Per Occurrence	12,500
Total Per Year	25,000
Inland Marine Coverage (\$100 deductible)	20,292
General Liability	
Per Occurrence	2,000,000
Total Per Year	5,000,000

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 10 - RISK MANAGEMENT (continued)

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

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement of Ohio provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

For fiscal year 2000, the School District also participated in the Preble County Schools Regional Council of Governments (COG), a shared risk pool consisting of five local school districts and an educational service center (See Note 19). The School District pays monthly premiums to the COG for employee medical benefits. The COG is responsible for the management and operations of the program. Upon withdrawal from the COG, a participant is responsible for the payment of all COG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS (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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$39,399, \$53,907, \$70,780 and, respectively. The School District contributed 41.77 percent for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$22,942, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$178,935, \$149,081, and \$282,379, respectively. The School district contributed 83.33 percent for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$29,829 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

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, 2000, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid. The four remaining Board members contributed to SERS.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$238,581 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. 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 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$81,119.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for certified employees and 255 for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation up to a maximum of 80 days for classified employees and 70 days for certified employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all employees through Guarantee Mutual.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2000, were as follows:

	Amount Outstanding 6/30/99	Additions	Deductions	Amount Outstanding 6/30/00
School Improvement Bonds 1986 8.125%	\$1,345,000	\$0	\$120,000	1,225,000
School Facilities Loan 1986 0%	6,450,484	0	25,759	6,424,725
Other Long-Term Obligations:				
Intergovernmental Payable	45,587	49,988	45,587	49,988
Compensated Absences	110,521	0	17,950	92,571
Total General Long-Term Obligations	<u>\$7,951,592</u>	<u>\$49,988</u>	<u>\$209,296</u>	<u>\$7,792,284</u>

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Tri-County North Local School Improvement General Obligation Bonds

On August 1, 1986, Tri-County North Local School District issued \$2,815,000 in voted general obligation bonds for the purpose of the acquisition, construction, reconstruction and other improvements to the school building. The bonds were issued for a twenty-three year period with final maturity at December 1, 2009. The debt will be retired from the debt service fund.

School Facilities Loan

In 1986, Tri-County North Local School District borrowed from the state \$6,850,000 for the purpose of acquiring and improving the school facilities for the School District, under the authority of Ohio Revised Code section 3318.08. The loan was for a twenty-three year period with final maturity during fiscal year 2009, and the debt will be retired directly from tax dollars. The District is required to levy one-half mill tax each year for twenty-three years which is paid to the state. Any balance remaining at the end of the twenty-three year period is forgiven.

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

The School District's overall legal debt margin was \$9,973,291 with an unvoted debt margin of \$110,814 at June 30, 2000. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$125,000	\$94,453	\$219,453
2002	120,000	84,500	204,500
2003	125,000	74,547	199,547
2004	120,000	64,594	184,594
2005	125,000	54,641	179,641
2006-2010	610,000	123,905	733,905
Total	\$1,225,000	\$496,640	\$1,721,640

Principal and interest requirements for the school facilities loan are not reflected in the schedule because of the method used to retire the debt.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 15 - NOTES PAYABLE

A summary of the short-term note transactions for the year ended June 30, 2000, follows:

Fund Type/Fund/Issue	Interest Rate	Balance at 6/30/99	Increases	Decreases	Balance at 6/30/00
Capital Projects Fund:					
Stay at Home Issue	4.41%	\$1,700,000	\$1,580,000	\$1,700,000	\$1,580,000

In fiscal year 2000, the School District issued bond anticipation notes in the amount of \$1,580,000 and paid off bond anticipation notes in the amount of \$1,700,000 for the purpose of permanent improvements.

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and latchkey. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Latchkey	Total
Operating Revenues	\$184,768	\$50,839	\$24,383	\$259,990
Depreciation Expense	10,044	0	0	10,044
Operating Loss	(92,959)	(8,027)	(2,503)	(103,489)
Net Non-Operating Revenues excluding Federal and State Subsidies	28,245	0	0	28,245
Federal and State Subsidies	65,176	0	0	65,176
Operating Transfers In	0	5,000	0	5,000
Net Income (Loss)	462	(3,027)	(2,503)	(5,068)
Net Working Capital	122,537	23,606	1,266	147,409
Total Assets	227,625	23,901	3,448	254,974
Long-Term Liabilities				
Payable from Revenue	46,683	0	0	46,683
Total Equity	162,722	23,606	1,266	187,594
Total Encumbrances	2,007	4,460	65	6,532

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southwest Ohio Computer Association - The School District is a participant in the Southwest Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Hamilton, Preble, and Warren Counties and Cities of Eaton, Edgewood, Fairfield, Franklin, Hamilton, Lebanon, Loveland, Mason, Middletown, Oxford, and Springboro. 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 school districts. The governing board of SWOCA consists of one representative from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid SWOCA \$12,044 for services provided during the year. Financial information can be obtained from K. Michael Crumley, who serves as director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The Montgomery County Educational Service Center acts as the fiscal agent for the group. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2000, the Tri-County North Local School District paid \$4,500 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton 45424.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members as the State- assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (continued)

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state of local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2000, the School District paid \$2,674 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

NOTE 18 - INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 - SHARED RISK POOL

Preble County Schools Regional Council of Governments - The Preble County Schools Regional Council of Governments (COG), a shared risk pool, was formed by five local school districts and the Preble County Educational Service Center. The COG is governed by an advisory committee consisting of each member's superintendent or designee from each participating school district. Premiums are paid on a monthly basis to the COG and their designated insurance company. The COG is responsible for the operation and maintenance of the program. If the premiums are insufficient to pay the program costs for the fiscal year, the COG may assess additional charges to all participants. The Preble County Educational Service Center serves as coordinator of the COG. Financial information can be obtained from Teresa Freeman, who serves as treasurer, at 101 E. Main Street, Eaton, Ohio 45320.

NOTE 20 - INTERFUND ACTIVITY

At June 30, 2000, the general fund had an interfund receivable for \$523, and the retainage capital projects fund had an interfund payable of the same amount.

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 21 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual purchase commitments as follows:

<u>Vendor</u>	<u>Amount</u>
Prism Electrical Contractors	\$538
Double Jay Construction	1,817
OCD Network Integration	41,020
PDQ Electric	85,874
Brumbaugh	685,500
Temp-Co Heating and Air Conditioning	4,063
Capital Equipment	51,416
Trame Mechanical	195,045
Active Electric	64,958

NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

	Textbooks and Instructional Materials	Capital Acquisition	Budget Stabilization
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$71,728
Current Year Set-aside Requirement	144,453	144,453	0
Additional Money Set-aside	53,015	0	212,942
Current Year Offsets	0	(210,852)	0
Qualifying Disbursements	(67,661)	(75,541)	0
Set-aside Balances Carried Forward to Future Fiscal Years	\$129,807	(\$141,940)	\$284,670
Set-aside Reserve Balances as June 30, 2000	\$76,792	\$0	\$71,728

The capital acquisition set-aside balance can be used to reduce the set-aside requirement in future fiscal years. The School District also set-aside additional money in excess of statutory requirements for textbooks and instructional materials and budget stabilization. This amount is presented on the balance sheet as a designation of fund balance rather than as a reserve, and is not included in restricted assets. The total reserve balance reported on the balance sheet as of June 30, 2000 for textbooks/instructional materials set-aside and the reserve balance for budget stabilization was \$148,520.

NOTE 23 - STATE SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,918,689 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, 2000, the School District had received a total of \$6,850,000 million under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly 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,

Tri-County North Local School District
Preble County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 23 - SCHOOL FUNDING (continued)

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. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The court concluded, “...the mandate of the [Ohio] Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...”, including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 1001.

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

NOTE 24 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

The School District does not have any pending litigation.

NOTE 25 - SUBSEQUENT EVENTS

Recent legislation has eliminated the requirement that the School District repay the School Facilities Loan that it received from the State.

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**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Commodity Distribution		10.550		\$18,948		\$22,680
National School Breakfast Program	05-PU-99	10.553	\$1,486		\$1,486	
	05-PU-00	10.553	4,158		4,158	
Total National School Breakfast Program			<u>5,644</u>		<u>5,644</u>	
National School Lunch Program	03-PU-99	10.555	6,106		6,106	
	03-PU-00		16,495		16,495	
	04-PU-99		10,957		10,957	
	04-PU-00		32,309		32,309	
Total National School Lunch Program			<u>65,867</u>		<u>65,867</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>71,511</u>	<u>18,948</u>	<u>71,511</u>	<u>22,680</u>
U. S. DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster:						
Title VI-B	6B-SF-00-P	84.027	55,518		48,317	
Public School Preschool	PG-S1-00-P	84.173	3,304		2,937	
	PG-S1-99-P				380	
Total Special Education - Preschool Grant			<u>3,304</u>		<u>3,317</u>	
Total Special Education Cluster			<u>58,822</u>		<u>51,634</u>	
ESEA Title 1	C1-S1-00	84.010	189,264		161,206	
	C1-S1-99				30,017	
Total ESEA Title 1			<u>189,264</u>		<u>191,223</u>	
Class Size Reduction Subsidy	CR-S1-00	84.340	26,455		23,091	
Innovative Education Program Strategy	C2-S1-00	84.298	1,694		1,694	
	C2-S1-99		787		787	
Total Innovative Education Program Strategy			<u>2,481</u>		<u>2,481</u>	
Continious Improvement	091397-STW-99	17.249			5,000	
<i>Passed through Miami Valley Career Technology Center</i>						
Carl Perkins/Vocational Education	99	84.048	0		336	
Total U.S. Department of Education			<u>277,022</u>	<u>18,948</u>	<u>273,765</u>	<u>22,680</u>
TOTAL FEDERAL ASSISTANCE			<u>\$348,533</u>	<u>\$18,948</u>	<u>\$345,276</u>	<u>\$22,680</u>

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

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures is a summary of the activity of the District's federal award programs. The Schedule has been prepared on a cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Tri-County North Local School District
Preble County
436 North Commerce Street
P.O. Box 40
Lewisburg, Ohio 45338

To the Board of Education:

We have audited the financial statements of the Tri-County North Local School District, Preble County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated December 21, 2000. 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Tri-County North Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-10368-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted matters involving the internal control over financial reporting that do not require inclusion in the report, that we have reported to management of the District in a separate letter dated December 21, 2000.

Tri-County North Local School District
Preble County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

December 21, 2000



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

Tri-County North Local School District
Preble County
436 North Commerce Street
P.O. Box 40
Lewisburg, Ohio 45338

To the Board of Education:

Compliance

We have audited the compliance of the Tri-County North Local School District, Preble County, Ohio (the 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 each of its major federal programs for the fiscal year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2000.

Internal Control Over Compliance

The management of the 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 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

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

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. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 21, 2000.

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

Jim Petro
Auditor of State

December 21, 2000

**TRI-COUNTY NORTH LOCAL SCHOOL DISTRICT
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Nutrition Cluster: Food Commodity Distribution, CFDA 10.550 National School Breakfast Program, CFDA 10.553 National School Lunch Program, CFDA 10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

FINDING NUMBER 2000-10368-001

Reportable Condition - Extracurricular Activities

During our review of extracurricular activities, the following deficiencies in internal controls were noted:

- Receipts issued by the High School Secretary (the money collection point) to the advisors for the Future Farmers of America, High School Choir, Yearbook and Class of 2001 could not be reconciled to supporting documentation.
- The activity advisors were not issuing duplicate receipts for moneys collected.
- For the FFA fruit sale and Choir candy sale the sales project potential forms were not entirely completed. The section to be completed after the project was over was not filled out.

These deficiencies reduce the District's accountability and internal control related to these projects. Should a project be cancelled, it would be difficult to refund moneys collected. Completing the sales project potential forms would indicate if the fund raiser was profitable or not.

We recommend the activity advisors issue duplicate receipts for all moneys collected. Receipts issued by the High School Secretary should be reconciled to supporting documentation. The sales project potential forms should be completed entirely.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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TRI - COUNTY NORTH LOCAL SCHOOL DISTRICT

PREBLE 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
JANUARY 30, 2001**