



**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Lynchburg-Clay Local School District
Highland County
263 North Main Street
Lynchburg, Ohio 45142

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Lynchburg-Clay Local School District, Highland 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 the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 November 20, 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 Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular

A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

November 20, 2000

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*Lynchburg Clay Local School District
Brown County*

*Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,001,309	\$161,167	\$229,360	\$7,611,338
Receivables:				
Taxes	1,123,566	28,778	198,938	0
Accounts	3,627	0	0	0
Intergovernmental	2,693	11,709	0	0
Interfund Receivable	280,221	0	0	0
Prepaid Items	10,252	0	0	2,542
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	150,196	0	0	0
Cash with Escrow Agents	0	0	0	67,568
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$4,571,864	\$201,654	\$428,298	\$7,681,448

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$1,843	\$424,099	\$29,074	\$0	\$0	\$11,458,190
0	0	0	0	0	1,351,282
0	0	0	0	0	3,627
0	0	0	0	0	14,402
0	0	0	0	0	280,221
151	0	0	0	0	12,945
0	0	0	0	0	150,196
0	0	0	0	0	67,568
6,535	0	0	0	0	6,535
752	0	0	0	0	752
8,928	0	0	12,008,797	0	12,017,725
0	0	0		235,683	235,683
0	0	0	0	2,443,345	2,443,345
<u>\$18,209</u>	<u>\$424,099</u>	<u>\$29,074</u>	<u>\$12,008,797</u>	<u>\$2,679,028</u>	<u>\$28,042,471</u>

(continued)

*Lynchburg Clay Local School District
Brown County*

*Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(Continued)*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits:</i>				
<i>Liabilities:</i>				
Accounts Payable	\$1,783	\$105	\$0	\$16,188
Contracts Payable	0	0	0	1,471,363
Accrued Wages and Benefits	518,652	24,341	0	0
Compensated Absences Payable	24,859	680	0	0
Retainage Payable	0	0	0	379,609
Interfund Payable	0	174,372	0	2,949
Intergovernmental Payable	109,151	4,904	0	0
Deferred Revenue	1,091,304	27,972	192,615	0
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,745,749	232,374	192,615	1,870,109
<i>Fund Equity and Other Credits:</i>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	159,867	17,357	425	0
Reserved for Property Taxes	32,262	806	6,323	0
Reserved for Budget Stabilization	87,391	0	0	0
Reserved for School Bus Purchases	62,805	0	0	0
Unreserved:				
Undesignated (Deficit)	2,483,790	(48,883)	228,935	5,811,339
Total Fund Equity (Deficit) and Other Credits	2,826,115	(30,720)	235,683	5,811,339
Total Liabilities, Fund Equity and Other Credits	\$4,571,864	\$201,654	\$428,298	\$7,681,448

See accompanying notes to the financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$0	\$0	\$0	\$0	\$0	\$18,076
0		0	0	0	1,471,363
22,696	0	0	0	0	565,689
14,200	0	0	0	357,217	396,956
0	0	0	0	0	379,609
102,900	0	0	0	0	280,221
10,838	72,743	0	0	44,311	241,947
3,240	0	0	0	0	1,315,131
0	0	29,074	0	0	29,074
0	121,101	0	0	0	121,101
0	0	0	0	37,500	37,500
0	0	0	0	2,240,000	2,240,000
<u>153,874</u>	<u>193,844</u>	<u>29,074</u>	<u>0</u>	<u>2,679,028</u>	<u>7,096,667</u>
0	0	0	12,008,797	0	12,008,797
(135,665)	230,255	0	0	0	94,590
	0	0	0	0	177,649
0	0	0	0	0	39,391
0	0	0	0	0	87,391
0	0	0	0	0	62,805
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,475,181</u>
<u>(135,665)</u>	<u>230,255</u>	<u>0</u>	<u>12,008,797</u>	<u>0</u>	<u>20,945,804</u>
<u>\$18,209</u>	<u>\$424,099</u>	<u>\$29,074</u>	<u>\$12,008,797</u>	<u>\$2,679,028</u>	<u>\$28,042,471</u>

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*Lynchburg Clay Local School District
Brown County*

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$1,104,472	\$26,963	\$212,426	\$0	\$1,343,861
Intergovernmental	5,122,558	276,192	23,554	9,650,467	15,072,771
Interest	257,387	113	0	387,359	644,859
Tuition and Fees	32,558	3,920	0	0	36,478
Rent	806	0	0	0	806
Extracurricular Activities	0	44,006	0	0	44,006
Gifts and Donations	1,202	10,033	0	0	11,235
Miscellaneous	5,146	4,489	9,511	0	19,146
Total Revenues	6,524,129	365,716	245,491	10,037,826	17,173,162
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,850,417	96,410	0	0	2,946,827
Special	291,443	177,461	0	0	468,904
Vocational	173,402	0	0	0	173,402
Adult/Continuing	534	3,456	0	0	3,990
Support Services:					
Pupils	161,661	24,925	0	0	186,586
Instructional Staff	331,572	110,292	0	0	441,864
Board of Education	8,750	0	0	0	8,750
Administration	648,730	3,534	0	0	652,264
Fiscal	198,409	3,092	6,830	0	208,331
Business	43,429	0	0	0	43,429
Operation and Maintenance of Plant	455,244	1,416	0	0	456,660
Pupil Transportation	603,061	306	0	0	603,367
Central	0	5,369	0	0	5,369
Non-Instructional Services	4,014	3,660	0	0	7,674
Extracurricular Activities	84,055	27,342	0	0	111,397
Capital Outlay	6,014	0	0	10,270,576	10,276,590
Debt Service:					
Principal Retirement	0	0	77,500	0	77,500
Interest and Fiscal Charges	0	0	114,312	0	114,312
Total Expenditures	5,860,735	457,263	198,642	10,270,576	16,787,216
Excess of Revenues Over (Under) Expenditures	663,394	(91,547)	46,849	(232,750)	385,946
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Fixed Assets	7,774	0	0	7,347	15,121
Operating Transfers In	0	3,300	0	5,131	8,431
Operating Transfers Out	(8,431)	0	0	0	(8,431)
Total Other Financing Sources (Uses)	(657)	3,300	0	12,478	15,121
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	662,737	(88,247)	46,849	(220,272)	401,067
Fund Balances at Beginning of Year	2,163,378	57,527	188,834	6,031,611	8,441,350
Fund Balances (Deficit) at End of Year	\$2,826,115	(\$30,720)	\$235,683	\$5,811,339	\$8,842,417

See accompanying notes to the financial statements.

*Lynchburg Clay Local School District
Brown County*

**Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$1,120,200	\$1,119,512	(\$688)	\$27,175	\$27,301	\$126
Intergovernmental	5,123,215	5,123,891	676	306,023	264,483	(41,540)
Interest	225,000	235,378	10,378	109	113	4
Tuition and Fees	28,195	29,992	1,797	3,875	3,920	45
Rent	730	806	76	0	0	0
Extracurricular Activities	0	0	0	42,904	43,384	480
Gifts and Donations	1,200	1,202	2	10,018	10,033	15
Miscellaneous	7,280	4,959	(2,321)	4,425	4,489	64
Total Revenues	6,505,820	6,515,740	9,920	394,529	353,723	(40,806)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	3,160,633	2,871,227	289,406	107,427	94,365	13,062
Special	308,869	273,866	35,003	204,724	177,824	26,900
Vocational	183,714	174,275	9,439	0	0	0
Adult/Continuing	570	534	36	3,456	3,456	0
Support Services:						
Pupils	204,519	162,292	42,227	24,925	24,925	0
Instructional Staff	372,714	316,628	56,086	133,588	111,631	21,957
Board of Education	23,000	9,744	13,256	0	0	0
Administration	736,598	669,409	67,189	4,631	3,540	1,091
Fiscal	207,869	200,726	7,143	3,844	3,147	697
Business	46,798	43,042	3,756	0	0	0
Operation and Maintenance of Plant	532,441	458,790	73,651	1,620	1,416	204
Pupil Transportation	742,276	695,665	46,611	306	306	0
Central	100	0	100	11,755	5,369	6,386
Non-Instructional Services	4,570	4,130	440	5,159	2,809	2,350
Extracurricular Activities	101,455	82,338	19,117	41,650	38,758	2,892
Capital Outlay	59,720	26,626	33,094	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	6,685,846	5,989,292	696,554	543,085	467,546	75,539
Excess of Revenues Over (Under) Expenditures	(180,026)	526,448	706,474	(148,556)	(113,823)	34,733
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	7,625	7,774	149	0	0	0
Refund of Prior Year Expenditures	(185)	(649)	(464)	0	0	0
Refund of Prior Year Receipts	(89,000)	(803)	88,197	(2,964)	(2,960)	4
Advances In	49,688	49,688	0	174,039	174,039	0
Advances Out	(201,000)	(200,988)	12	(40,000)	(40,000)	0
Operating Transfers In	0	0	0	3,922	3,922	0
Operating Transfers Out	(9,878)	(8,431)	1,447	0	0	0
Total Other Financing Sources (Uses)	(242,750)	(153,409)	89,341	134,997	135,001	4
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(422,776)	373,039	795,815	(13,559)	21,178	34,737
Fund Balances at Beginning of Year	2,484,786	2,399,740	(85,046)	116,427	117,959	1,532
Prior Year Encumbrances Appropriated	195,800	195,800	0	4,568	4,568	0
Fund Balances at End of Year	\$2,257,810	\$2,968,579	\$710,769	\$107,436	\$143,705	\$36,269

See accompanying notes to the financial statements.

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$118,615	\$215,077	\$96,462	\$0	\$0	\$0	\$1,265,990	\$1,361,890	\$95,900
23,500	23,554	54	9,392,776	9,650,467	257,691	14,845,514	15,062,395	216,881
0	0	0	332,100	362,557	30,457	557,209	598,048	40,839
0	0	0	0	0	0	32,070	33,912	1,842
0	0	0	0	0	0	730	806	76
0	0	0	0	0	0	42,904	43,384	480
0	0	0	0	0	0	11,218	11,235	17
0	0	0	0	0	0	11,705	9,448	(2,257)
142,115	238,631	96,516	9,724,876	10,013,024	288,148	16,767,340	17,121,118	353,778
0	0	0	9,456	9,456	0	3,277,516	2,975,048	302,468
0	0	0	0	0	0	513,593	451,690	61,903
0	0	0	6,727	6,727	0	190,441	181,002	9,439
0	0	0	0	0	0	4,026	3,990	36
0	0	0	0	0	0	229,444	187,217	42,227
0	0	0	0	0	0	506,302	428,259	78,043
0	0	0	0	0	0	23,000	9,744	13,256
0	0	0	0	0	0	741,229	672,949	68,280
8,700	7,255	1,445	8,851	970	7,881	229,264	212,098	17,166
0	0	0	0	0	0	46,798	43,042	3,756
0	0	0	0	0	0	534,061	460,206	73,855
0	0	0	0	0	0	742,582	695,971	46,611
0	0	0	0	0	0	11,855	5,369	6,486
0	0	0	0	0	0	9,729	6,939	2,790
0	0	0	0	0	0	143,105	121,096	22,009
0	0	0	14,555,211	9,803,964	4,751,247	14,614,931	9,830,590	4,784,341
77,500	77,500	0	0	0	0	77,500	77,500	0
114,312	114,312	0	0	0	0	114,312	114,312	0
200,512	199,067	1,445	14,580,245	9,821,117	4,759,128	22,009,688	16,477,022	5,532,666
(58,397)	39,564	97,961	(4,855,369)	191,907	5,047,276	(5,242,348)	644,096	5,886,444
0	0	0	7,347	7,347	0	14,972	15,121	149
0	14,284	14,284	0	0	0	(185)	13,635	13,820
85,671	(4,743)	(90,414)	0	0	0	(6,293)	(8,506)	(2,213)
0	0	0	2,949	2,949	0	226,676	226,676	0
0	0	0	(9,688)	(9,688)	0	(250,688)	(250,676)	12
0	0	0	5,131	5,131	0	9,053	9,053	0
0	0	0	0	0	0	(9,878)	(8,431)	1,447
85,671	9,541	(76,130)	5,739	5,739	0	(16,343)	(3,128)	13,215
27,274	49,105	21,831	(4,849,630)	197,646	5,047,276	(5,258,691)	640,968	5,899,659
190,290	179,830	(10,460)	5,286,651	5,286,651	0	8,078,154	7,984,180	(93,974)
0	0	0	1,771,764	1,771,764	0	1,972,132	1,972,132	0
\$217,564	\$228,935	\$11,371	\$2,208,785	\$7,256,061	\$5,047,276	\$4,791,595	\$10,597,280	\$5,805,685

*Lynchburg Clay Local School District
Brown County*

*Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues:</u>			
Sales	\$185,062	\$0	\$185,062
Charges for Services	0	615,113	615,113
Other Revenues	101	260	361
Total Operating Revenue	<u>185,163</u>	<u>615,373</u>	<u>800,536</u>
<u>Operating Expenses:</u>			
Salaries	125,277	0	125,277
Fringe Benefits	50,845	0	50,845
Purchased Services	4,037	38,010	42,047
Materials and Supplies	18,090	0	18,090
Cost of Sales	134,072	0	134,072
Depreciation	1,498	0	1,498
Claims	0	518,350	518,350
Other	580	0	580
Total Operating Expenses	<u>334,399</u>	<u>556,360</u>	<u>890,759</u>
Operating Income (Loss)	<u>(149,236)</u>	<u>59,013</u>	<u>(90,223)</u>
<u>Non-Operating Revenues:</u>			
Interest	0	18,918	18,918
Federal Donated Commodities	20,734	0	20,734
Federal and State Subsidies	81,169	0	81,169
Total Non-Operating Revenues	<u>101,903</u>	<u>18,918</u>	<u>120,821</u>
Net Income (Loss)	(47,333)	77,931	30,598
Retained Earnings (Deficit) at Beginning of Year - (Restated Note 21)	<u>(88,332)</u>	<u>152,324</u>	<u>63,992</u>
Retained Earnings (Deficit) at End of Year	<u>(\$135,665)</u>	<u>\$230,255</u>	<u>\$94,590</u>

See accompanying notes to the financial statements.

*Lynchburg-Clay Local School District
Brown County*

*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise</u>			<u>Internal Service</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>
<i>Revenues:</i>						
Sales	\$184,920	\$185,062	\$142	\$0	\$0	\$0
Interest	0	0	0	12,950	16,248	3,298
Charges for Services	0	0	0	561,700	615,113	53,413
Federal and State Subsidies	91,212	91,212	0	0	0	0
Other Revenues	101	101	0	0	0	0
Refund of Prior Year Expenses	0	0	0	260	260	0
Total Revenues	276,233	276,375	142	574,910	631,621	56,711
<i>Expenses:</i>						
Salaries	122,945	122,936	9	0	0	0
Fringe Benefits	49,668	49,656	12	0	0	0
Purchased Services	4,207	4,203	4	3,866	676	3,190
Materials and Supplies	130,986	130,980	6	300	0	300
Capital Outlay	200	200	0	0	0	0
Other	584	580	4	641,950	597,522	44,428
Total Expenses	308,590	308,555	35	646,116	598,198	47,918
Excess of Revenues Over (Under) Expenses	(32,357)	(32,180)	177	(71,206)	33,423	104,629
Advances In	24,000	24,000	0	0	0	0
Excess of Revenues Over (Under) Expenses and Advances	(8,357)	(8,180)	177	(71,206)	33,423	104,629
Fund Equity at Beginning of Year	10,008	10,008	0	353,136	353,136	0
Prior Year Encumbrances Appropriated	0	0	0	166	166	0
Fund Equity at End of Year	\$1,651	\$1,828	\$177	\$282,096	\$386,725	\$104,629

See accompanying notes to the financial statements.

*Lynchburg Clay Local School District
Brown County*

*Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$185,062	\$0	\$185,062
Cash Received from Quasi-External Transactions With Other Funds	0	615,113	615,113
Cash Received from Other Operating Sources	101	260	361
Cash Payments to Suppliers for Goods and Services	(135,946)	(106,078)	(242,024)
Cash Payments to Employees for Services	(122,936)	0	(122,936)
Cash Payments for Employee Benefits	(49,656)	0	(49,656)
Cash Payments for Claims	0	(529,423)	(529,423)
Net Cash Provided by (Used for) Operating Activities	<u>(123,375)</u>	<u>(20,128)</u>	<u>(143,503)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Short-Term Borrowing from Other Governments	0	0	0
Operating Grants Received	91,212	0	91,212
Short-Term Loans from Other Funds	24,000	0	24,000
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>115,212</u>	<u>0</u>	<u>115,212</u>
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	0	18,730	18,730
Net Increase (Decrease) in Cash and Cash Equivalents	(8,163)	(1,398)	(9,561)
Cash and Cash Equivalents at Beginning of Year	10,006	352,566	362,572
Cash and Cash Equivalents at End of Year	<u>\$1,843</u>	<u>\$351,168</u>	<u>\$353,011</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	<u>(\$149,236)</u>	<u>\$59,013</u>	<u>(\$90,223)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	1,498	0	1,498
Donated Commodities Used During Year	20,734	0	20,734
<u>Changes in Assets and Liabilities:</u>			
Decrease in Inventory Held for Resale	145	0	145
Decrease in Materials and Supplies Inventory	105	0	105
Increase in Prepaid Items	(151)	0	(151)
Increase in Accrued Wages and Benefits	891	0	891
Increase in Compensated Absences Payable	1,450	0	1,450
Decrease/Increase in Intergovernmental Payable	1,189	(68,068)	(66,879)
Decrease in Claims Payable	0	(11,073)	(11,073)
Total Adjustments	<u>25,861</u>	<u>(79,141)</u>	<u>(53,280)</u>
Net Cash Used for Operating Activities	<u>(\$123,375)</u>	<u>(\$20,128)</u>	<u>(\$143,503)</u>

See accompanying notes to the financial statements.

Lynchburg Clay Local School District
Highland County

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Lynchburg Clay Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1853 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 113 square miles. It is located in Highland, Clinton and Brown Counties, and includes all of the Villages of Lynchburg, Buford, and Dodson and portions of Hamer, Union and White Oak Townships. It is staffed by 51 non-certificated employees, 79 certificated personnel and 7 administrative employees who provide services to 1,341 students and other community members. The School District currently operates 4 instructional buildings, 1 administrative building, and 1 garage.

Reporting Entity

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

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

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as a claims servicing pool, and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), Hopewell Special Education Regional Resource Center (Hopewell), Great Oaks Institute of Technology and Career Development, the Ross County School Employees Insurance Consortium, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 13 and 14 to the general purpose financial statements.

Lynchburg Clay Local School District
Highland 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 Lynchburg Clay 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 standards setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

Lynchburg Clay Local School District
Highland 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 - Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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).

Proprietary Fund Types:

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

Enterprise Fund - The enterprise fund is used to account for School District activities 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.

Internal Service Fund - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Type:

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

Account Groups:

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

Lynchburg Clay Local School District
Highland 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 funds.

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

B. Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District has no contributed capital. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 proprietary fund types. 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 in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary 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 agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate Board of Education appropriations to the function and object level for all funds. Because the activity of agency funds is not budgeted, transfers in and transfers out do not equal on a budgetary basis due to a transfer of \$622 from the student activities agency fund to the public school support special revenue fund.

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

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Highland County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 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 level of expenditure, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation 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, four supplemental appropriations were legally enacted, some of which were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Lynchburg Clay Local School District
Highland 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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each fiscal 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 re-appropriated.

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District also utilizes an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as "Restricted Assets: Cash with Escrow Agents".

During fiscal year 2000, the School District's investments were limited federal agency securities, commercial paper, repurchase agreements and funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amounted to \$257,387, which includes \$85,104 assigned from other School District funds. The special revenue, capital projects and internal service funds also received interest in the amounts of \$113, \$387,359, and \$18,918, respectively.

For purposes of the 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 proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food held for resale and supplies, 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 the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings, 5 years for land improvements, 20 years for building improvements, 6 to 15 years for furniture, equipment, and fixtures, 5 to 10 years for vehicles, and 5 years for textbooks. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 15 years.

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and 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 Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Career Development
- Education Management Information Systems
- Preschool Disabilities
- Local Professional Development
- Teacher Development
- Vocational Education
- Carl Perkins
- Title I
- Title VI
- Title VI-B
- Title VI-R
- Eisenhower
- Drug-Free Schools
- Ohio Reads
- School Net Training
- Conflict Management
- E-Rate

Capital Projects Funds

- Vocational Education Equipment
- Technology Equity

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classroom Facilities
School Net Plus

Reimbursable Grants
 General Fund
 Driver Education
Proprietary Funds
 National School Lunch Program
 Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 88 percent of governmental fund 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. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that 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 expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

days after year end are considered not to have used current available financial resources. Bonds and long-term notes 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 proprietary funds.

L. Interfund Transactions

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

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

M. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 16 for additional information regarding set-asides.

N. 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, budget stabilization, and school bus purchases.

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.

Lynchburg Clay Local School District
Highland County

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (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 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types 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 types (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Lynchburg Clay Local School District
Highland County

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

5. The School District does not budget for the activities of the fiscal agent who collects and holds assets used for the payment of medical claims. However, the activities of the fiscal agent are included in the internal service fund for GAAP reporting purposes.

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

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

	General	Special Service	Debt Service	Capital Projects
GAAP Basis	\$662,737	(\$88,247)	\$46,849	(\$220,272)
Revenue Accruals	(9,038)	(11,993)	7,424	(24,802)
Expenditure Accruals	32,291	4,219	(90,414)	793,590
Encumbrances	(161,651)	(17,462)	(425)	(344,131)
Transfers	0	622	85,671	0
Advances	(151,300)	134,039	0	(6,739)
Budget Basis	\$373,039	\$21,178	\$49,105	\$197,646

Net Income (Loss)/Excess of Revenues Over(Under)
Expenses and Advances - All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$47,333)	\$77,931
Revenue Accruals	10,042	(2,858)
Expense Accruals	3,628	(6,212)
Depreciation	1,498	0
Advances	24,000	0
Encumbrances	(15)	(35,626)
Excess of Revenues Under Expenses For Non-Budgeted Funds	0	188
Budget Basis	(\$8,180)	\$33,423

Lynchburg Clay Local School District
Highland County

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

NOTE 4 - 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 accounts, including passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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

Lynchburg Clay Local School District
Highland County

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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 divisions (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$4,160,577 and the bank balance was \$5,690,418. Of the bank balance:

1. \$267,568 was covered by federal depository insurance; and

Lynchburg Clay Local School District
Highland County

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

2. \$5,422,850 was uninsured and uncollateralized. Although all 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 Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which 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 investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Carrying/Fair Value
STAR Ohio	\$0	\$135,805
Commercial Paper	1,976,100	1,976,100
Federal Home Loan Bank Discount Notes	1,231,325	1,231,325
Federal Home Loan Bank Bonds	198,187	198,197
Federal Home Loan Corp. Discount Notes	1,485,224	1,485,224
Federal National Mortgage Association Discount Notes	975,815	975,815
Repurchase Agreements	1,512,921	1,512,921
	\$7,379,572	\$7,515,377

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting.

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

Lynchburg Clay Local School District
Highland County

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

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$11,675,954	\$0
Investments:		
STAR Ohio	(135,805)	135,805
Commercial Paper	(1,976,100)	1,976,100
Federal Home Loan Bank Bonds	(1,231,325)	1,231,325
Federal Home Loan Mortgage Bonds	(1,485,224)	1,485,224
Federal National Mortgage Association Bonds	(1,174,002)	1,174,002
Repurchase Agreements	(1,512,921)	1,512,921
GASB Statement No. 3	\$4,160,577	\$7,515,377

NOTE 5 - 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) are 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.

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.

Lynchburg Clay Local School District
Highland County

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

NOTE 5 - PROPERTY TAXES (Continued)

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	\$47,967,050	85.39%	\$51,576,630	86.69%
Public Utility	4,956,200	8.82%	4,542,650	7.63%
Tangible Personal Property	3,253,090	5.79%	3,376,480	5.68%
Total Assessed Value	<u>\$56,176,340</u>	<u>100.00%</u>	<u>\$59,495,760</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$29.92		\$29.92	

The School District receives property taxes from Highland, Clinton, and Brown Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 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 amount available as an advance at June 30, 2000 was \$32,262 for the general fund, \$806 for the classroom facilities maintenance special revenue fund and \$6,323 in the debt service fund. All amounts are recognized as revenue in their respective funds.

Lynchburg Clay Local School District
Highland County

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

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (tuition and student fees), intergovernmental grants, and interfund amounts. 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:

General Fund:	
Early Entry Program Reimbursement	\$1,993
Driver's Education Reimbursement	700
Total General Fund	2,693
Special Revenue Funds:	
Title II	4,195
Title VI-B Grant	7,514
Total Special Revenue Funds	11,709
Total Intergovernmental Receivables	\$14,402

NOTE 7 - FIXED ASSETS

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

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$447,503	\$0	\$0	\$447,503
Buildings and Improvements	1,852,646	0	0	1,852,646
Furniture, Fixtures and Equipment	1,582,818	50,258	88,309	1,544,767
Vehicles	953,253	111,735	64,437	1,000,551
Textbooks	262,280	41,365	57,239	246,406
Construction in Progress	1,497,600	9,024,871	0	10,522,471
Totals	\$6,596,100	\$9,228,229	\$209,985	\$15,614,344
Accumulated Depreciation				(3,605,547)
Total General Fixed Assets				\$12,008,797

Lynchburg Clay Local School District
Highland County

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

NOTE 7 - FIXED ASSETS (Continued)

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

Furniture and Equipment	\$78,216
Less Accumulated Depreciation	<u>(69,288)</u>
Net Fixed Assets	<u><u>\$8,928</u></u>

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents Coverage - at replacement cost (\$5,000 building, \$250 contents deductible)	\$12,562,700
Automobile Liability (\$500 deductible)	2,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000
Builders Risk Coverage	9,300,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction of coverage from the prior year.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Lynchburg Clay Local School District
Highland County

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

NOTE 8 - RISK MANAGEMENT (Continued)

Medical, vision and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$121,101 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustments expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
1999	\$65,292	\$605,397	\$538,515	\$132,174
2000	132,174	518,350	529,423	121,101

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's required 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$43,098, \$63,091 and \$87,016, respectively; 39.14 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$26,230 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.

Lynchburg Clay Local School District
Highland County

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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 recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$180,008, \$148,031 and \$271,248, respectively; 83.37 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$29,943 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, all of the board of education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - 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.

Lynchburg Clay Local School District
Highland County

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

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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 \$240,010 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 \$73,625.

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 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.

Lynchburg Clay Local School District
Highland County

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

NOTE 11 - 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 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 52 days for classified and certified employees.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through the Ohio Educational Employees Life Insurance Trust.

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Energy Conservation Notes 1994 7.75%	\$50,000	\$0	\$12,500	\$37,500
School Improvement Bonds 1998 3.8%	2,305,000	0	65,000	2,240,000
Intergovernmental Payable	47,264	44,311	47,264	44,311
Compensated Absences	369,678	0	12,461	357,217
Total General Long-Term Obligations	\$2,771,942	\$44,311	\$137,225	\$2,679,028

Energy Conservation Notes - On June 18, 1992, Lynchburg Clay Local School District issued \$134,953 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2002. The notes will be retired from the debt service fund.

Lynchburg Clay Local School District
Highland County

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

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

The 1998 School Improvement bonds were issued in the amount of \$2,330,600 in July, 1998 as a result of the School District being approved for a \$23,567,875 school facilities loan through the State Department of Education for the construction of a new elementary school, new high school and renovations to the old high school building to be used as a middle school. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a 4.42 mill levy. Of the 4.42 mill levy, .5 mill is to be used for the retirement of the loan, with the balance of 3.92 mills used for the retirement of the 1998 bond issue. The levy will be in effect for twenty-three years.

The School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil (currently 590 out of 611 schools). In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

Compensated absences and the pension obligation will be paid from the funds from which the employees' salaries are paid.

The District's overall legal debt margin was \$3,350,301 with an unvoted debt margin of \$59,496 at June 30, 2000.

Principal and interest requirements to retire the energy conservation notes and school improvement bonds outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$77,500	\$110,989	\$188,489
2002	82,500	107,469	189,969
2003	82,500	103,856	186,356
2004	75,000	100,411	175,411
2005	75,000	97,168	172,168
2006-2010	440,000	430,150	870,150
2011-2015	555,000	303,942	858,942
2016-2020	725,000	135,375	860,375
2021	165,000	4,125	169,125
Total	\$2,277,500	\$1,393,485	\$3,670,985

Lynchburg Clay Local School District
Highland County

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

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

South Cental Ohio Computer Association (SCOCA)

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. 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 SCOCA consists of two representatives from each of the participating counties, two representatives of the school treasurers plus the fiscal agent. The School District paid SCOCA \$19,250 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Hopewell Special Education Regional Resource Center (Hopewell)

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Drive, Wilmington, Ohio 45177.

Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possess its own budgetary and taxing authority. To obtain financial information write to the Great Oaks Institute of Technology and Career Development, 3254 E. Kemper Road, Cincinnati, OH 45241-1581.

Lynchburg Clay Local School District
Highland County

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

NOTE 14 - CLAIMS SERVICING AND INSURANCE PURCHASING POOLS

Ross County Schools Employees Insurance Consortium

The School District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool consisting of eighteen school districts within Ross County and its surrounding area. Medical/surgical, dental, and vision coverage is administered through a third party administrator, Professional Risk Management Company. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the cost of administering the Consortium. To obtain financial information, write to the Westfall Local School District, Scott Glandon who serves as Treasurer, 19463 Pherson Pike, Williamsport, Ohio 43164-9745.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

NOTE 15 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,871,962 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 \$15,053,420 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 reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court

Lynchburg Clay Local School District
Highland County

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

NOTE 15 - SCHOOL FUNDING COURT DECISION (Continued)

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, 2001.

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 16 - SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$0	\$22,494	\$72,721
Current Year Set-aside Requirement	135,238	135,238	45,079
Current Year Offsets	0	0	(30,409)
Qualifying Disbursements	<u>(141,482)</u>	<u>(157,732)</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$87,391</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$6,244)</u>		<u>\$87,391</u>

Lynchburg Clay Local School District
Highland County

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

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future years. Although the School District may have had additional offsets and qualifying disbursements during the year in the capital improvements set-aside, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

NOTE 17 - CONSTRUCTION COMMITMENTS

The School District has entered into contracts for the design and construction of new buildings and renovations to an existing building in the School District. Outstanding construction commitments at June 30, 2000 are as follows:

<u>Contractor Name</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/00</u>
C. & R. Riverside Masonary, Inc	\$3,700,000	\$1,383,043	\$2,316,957
Crosen, Teepe Mechanical Contractors	3,269,630	1,384,202	1,885,428
Eckert Fire Protection	338,800	162,351	176,449
Foill, Inc.	379,533	126,804	252,729
George J. Igel & Company, Inc.	1,665,300	1,505,600	159,700
Quantum Construction	6,888,900	2,905,778	3,983,122
Steed, Hammond & Paul	1,400,001	1,058,854	341,147
Thomas Popp & Co.	1,380,926	523,291	857,635
Total	<u>\$19,023,090</u>	<u>\$9,049,923</u>	<u>\$9,973,167</u>

NOTE 18 - ACCOUNTABILITY

Fund balances/retained earnings at June 30, 2000, included the following individual fund deficits:

Special Revenue Funds	
Title I	\$109,431
Title VI	4,215
Title VI-B	26,899
Title VI-R	9,773
Ohio Reads	20,239
Drug-Free Schools	4,018
Disadvantaged Pupil Impact Aid	118
Capital Projects Fund	
Vocational Educational Equipment	2,949
Enterprise Fund	
Food Service	135,665

Lynchburg Clay Local School District
Highland County

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

NOTE 18 - ACCOUNTABILITY (Continued)

The 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 School District is monitoring the sales in the food services fund to see if an increase in charges is necessary.

NOTE 19 - INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$280,221	\$0
<u>Special Revenue Funds:</u>		
District Managed Activities	0	333
Jr. High Athletics	0	200
Ohio Reads	0	30,000
Title VI-B	0	33,000
Title I	0	88,000
Title VI	0	4,529
Drug-Free Schools	0	3,710
Title VI-R	0	14,600
Total Special Revenue	<u>0</u>	<u>174,372</u>
<u>Capital Projects Funds:</u>		
Vocational Education Equipment	0	2,949
<u>Enterprise Fund:</u>		
Food Service	0	102,900
Total All Funds	<u><u>\$280,221</u></u>	<u><u>\$280,221</u></u>

NOTE 20 - CONTINGENCIES

A. Grants:

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

Lynchburg Clay Local School District
Highland County

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

NOTE 20 - CONTINGENCIES (Continued)

B. Litigation:

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

NOTE 21 - RESTATEMENT OF RETAINED EARNINGS

For fiscal year 2000, the prior year ending balance for the self-insurance, internal service fund was found to be misstated. This adjustment resulted in the following restatement of the beginning retained earnings balance.

	Balance at June 30, 1999	Restated Balance at June 30, 1999
Internal Service Fund	<u>\$181,007</u>	<u>\$152,324</u>

NOTE 22 - SUBSEQUENT EVENTS

Due to recently passed legislation, the School District will not be required to repay any portion of the Ohio School Facilities Commission Loan, even if the adjusted valuation per pupil exceeds the state-wide median.

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**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$20,734	\$0	\$20,734
National School Lunch Program	03-PU-99 03-PU-00 04-PU-99 04-PU-00	10.555	86,747	0	86,747	0
Total Child Nutrition Cluster			<u>86,747</u>	<u>0</u>	<u>86,747</u>	<u>0</u>
Total U.S. Department of Agriculture			86,747	20,734	86,747	20,734
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B, Handicapped - State Grants (Part B, Education of the Handicapped Act)	6B-SF-99	84.027	43,621	0	80,694	0
Title VI-B, Special Education - Preschool Grants	PG-S1-99	84.173	<u>3,324</u>	<u>0</u>	<u>3,041</u>	<u>0</u>
Total Special Education Cluster			<u>46,945</u>	<u>0</u>	<u>83,735</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-99 C1-S1-00	84.010	80,929	0	133,678	0
Innovative Educational Program Strategies (Title VI)	C2-S1-99 C2-S1-00	84.298	2,797	0	11,354	0
Eisenhower Prof Development State Grant	MS-S1-00	84.281	1,797	0	1,933	0
Education Systemic Improvement Grants (Goals 2000)	G2-S1-00	84.276	31,388	0	32,539	0
Drug-Free Schools Grant	DR-S1-00	84.186	1,675	0	5,780	0
Title VIR - Class Size Reduction	CR-S1-00	84.34	<u>8,650</u>	<u>0</u>	<u>23,063</u>	<u>0</u>
Total Department of Education			<u>127,236</u>	<u>0</u>	<u>208,347</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u>\$260,928</u>	<u>\$20,734</u>	<u>\$378,829</u>	<u>\$20,734</u>

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

**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Lynchburg-Clay Local School District
Highland County
263 North Main Street
Lynchburg, Ohio 45142

To the Board of Education:

We have audited the financial statements of the Lynchburg-Clay Local School District, Highland County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated November 20, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2000-10436-001. We also noted other instances of noncompliance that we have reported to management of the District in a separate letter dated November 20, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 20, 2000.

Lynchburg-Clay Local School District
Highland 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 management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 20, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Lynchburg-Clay Local School District
Highland County
263 North Main Street
Lynchburg, Ohio 45142

To the Board of Education:

Compliance

We have audited the compliance of the Lynchburg-Clay Local School District, Highland 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 its major federal programs for the fiscal year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are 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.

Lynchburg-Clay Local School District
Highland 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

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

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

Jim Petro
Auditor of State

November 20, 2000

**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1, CFDA #84.010 National School Lunch Program, CFDA #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2000-10436-001

Non-compliance Citation - Appropriation Measures

Ohio Rev. Code, Section 5705.38, provides that a permanent appropriation measure is to be adopted by October 1. The District passed a temporary appropriation measure on June 24, 1999, however, a permanent appropriation measure was not passed until January 18, 2000, contrary to this Section. Temporary appropriation measures are intended to cover expenditures from the beginning of the fiscal year until a permanent appropriation measure is passed.

Ohio Rev. Code, Section 5705.36, requires that, on or about the first day of each fiscal year, the fiscal officer of each subdivision certify to the County Auditor the total amount from all sources available for expenditure from each fund set up in the tax budget along with the unencumbered balances that existed at the end of the preceding year so that the actual balances that exist in each fund at the end of the preceding year will appear for the purpose of making and certifying an amended certificate of estimated resources. The District Treasurer did not file the Certificate of Total Amount From All Sources Available for Expenditure and Balances with the County Auditor until January 19, 2000, precluding the budget commission from certifying an amended certificate until this time. The first amended certificate of estimated resources was submitted to the County Auditor by the District Treasurer on January 19, 2000.

Ohio Rev. Code, Section 5705.39, provides that the total appropriations made during a fiscal year cannot exceed the amount contained in the certificate of estimated resources which is certified prior to making the appropriation. Since no amended certificate had been certified, no appropriation measure could be adopted or approved before January 19, 2000.

Since the District did not comply with the aforementioned statutes, it's appropriation process was not completed properly.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 13, 2001**