



**FAIRFIELD UNION LOCAL SCHOOL DISTRICT  
FAIRFIELD COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Education  
Fairfield Union Local School District  
7698 Main Street  
West Rushville, Ohio 43163

We have audited the accompanying general-purpose financial statements of the Fairfield Union Local School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Fairfield Union Local School District, Fairfield County, Ohio as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 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.

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

**JIM PETRO**  
Auditor of State

January 31, 2000

**Fairfield Union Local School District**



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

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals 1999	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum) (Only)
<b>Assets and Other Debits:</b>										
Equity in Pooled Cash and Investments	\$1,610,628	\$174,122	\$94,080	\$813,839	\$130,161	\$82,958	\$165,523	\$0	\$0	\$3,071,311
Restricted Assets	124,648	0	0	0	0	0	0	0	0	124,648
Cash with Fiscal Agent	0	0	0	0	0	67,905	0	0	0	67,905
Taxes Receivable	2,567,563	0	76,976	184,351	0	0	0	0	0	2,828,890
Interfund Receivable	50,000	0	0	0	0	0	0	0	0	50,000
Intergovernmental Receivables	0	8,270	0	0	12,730	0	0	0	0	21,000
Accounts Receivable	6,058	0	0	0	207	0	108	0	0	6,373
Supply Inventory	84,027	0	0	0	3,261	0	0	0	0	87,288
Inventory for Resale	0	0	0	0	22,208	0	0	0	0	22,208
Property, Plant & Equipment	0	0	0	0	141,528	0	0	8,892,730	0	9,034,258
Accumulated Depreciation, Where Applicable	0	0	0	0	(63,148)	0	0	0	0	(63,148)
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	98,249	98,249
Amount to be Provided for Retirement of GLTD	0	0	0	0	0	0	0	0	3,735,780	3,735,780
<b>Total Assets and Other Debits</b>	<b>\$4,442,924</b>	<b>\$182,392</b>	<b>\$171,056</b>	<b>\$998,190</b>	<b>\$246,947</b>	<b>\$150,863</b>	<b>\$165,631</b>	<b>\$8,892,730</b>	<b>\$3,834,029</b>	<b>\$19,084,762</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)



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

	Governmental Fund Types				Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals 1999
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum)
										(Only)
<b>Liabilities:</b>										
Interfund Payable	\$0	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Intergovernmental Payables	151,036	4,886	0	0	22,292	0	18,832	0	78,430	275,476
Accounts Payable	115,210	14,063	0	235,816	80	3,765	1,134	0	0	370,068
Accrued Salaries and Benefits	849,496	36,510	0	0	32,084	0	0	0	0	918,090
Deferred Revenue	2,065,904	0	72,807	175,209	12,347	0	0	0	0	2,326,267
Due to Others	0	0	0	0	0	0	137,752	0	0	137,752
Claims Payable	0	0	0	0	0	42,495	0	0	0	42,495
Capital Leases Payable	0	0	0	0	0	0	0	0	157,483	157,483
Notes Payable	0	0	0	0	0	0	0	0	1,171,000	1,171,000
Bus Bonds Payable	0	0	0	0	0	0	0	0	1,040,000	1,040,000
Bonds Payable	0	0	0	0	0	0	0	0	367,000	367,000
Compensated Absences Payable	91,843	0	0	0	25,498	0	0	0	1,020,116	1,137,457
<b>Total Liabilities</b>	<b>3,273,489</b>	<b>55,459</b>	<b>72,807</b>	<b>461,025</b>	<b>92,301</b>	<b>46,260</b>	<b>157,718</b>	<b>0</b>	<b>3,834,029</b>	<b>7,993,088</b>
<b>Fund Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	8,892,730	0	8,892,730
Retained Earnings	0	0	0	0	154,646	104,603	0	0	0	259,249
<b>Fund Balances:</b>										
Reserved for Inventory	84,027	0	0	0	0	0	0	0	0	84,027
Reserved for Encumbrances	52,338	21,953	0	266,969	0	0	345	0	0	341,605
Reserved for Budget Stabilization	124,648	0	0	0	0	0	0	0	0	124,648
Reserved for Future Appropriation	119,096	0	4,168	9,142	0	0	0	0	0	132,406
Unreserved Fund Balance	789,326	104,980	94,081	261,054	0	0	7,568	0	0	1,257,009
<b>Total Fund Balances</b>	<b>1,169,435</b>	<b>126,933</b>	<b>98,249</b>	<b>537,165</b>	<b>0</b>	<b>0</b>	<b>7,913</b>	<b>0</b>	<b>0</b>	<b>1,939,695</b>
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b>1,169,435</b>	<b>126,933</b>	<b>98,249</b>	<b>537,165</b>	<b>154,646</b>	<b>104,603</b>	<b>7,913</b>	<b>8,892,730</b>	<b>0</b>	<b>11,091,674</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$4,442,924</b>	<b>\$182,392</b>	<b>\$171,056</b>	<b>\$998,190</b>	<b>\$246,947</b>	<b>\$150,863</b>	<b>\$165,631</b>	<b>\$8,892,730</b>	<b>\$3,834,029</b>	<b>\$19,084,762</b>

See Accompanying Notes to the General Purpose Financial Statements.

**COMBINED STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Fund Type Expendable Trust	(Memorandum Only)	
<b>REVENUES:</b>						
Revenue from Local Sources						
Taxes	\$3,338,604	\$0	\$80,729	\$178,688	\$0	\$3,598,021
Tuition	298,657	0	0	0	0	298,657
Earnings on Investments	133,723	0	0	30,393	0	164,116
Extracurricular Activities	0	114,862	0	0	0	114,862
Classroom Materials & Fees	48,611	0	0	0	0	48,611
Miscellaneous	63,532	44,987	0	72,000	3,719	184,238
Revenue from State Sources						
Unrestricted Grants-in-Aid	6,046,508	0	11,541	20,275	0	6,078,324
Restricted Grants-in-Aid	42,715	77,948	0	313,712	0	434,375
Revenue for/on Behalf of District	10,171	4,000	0	0	0	14,171
Revenue from Federal Sources						
Restricted Grants-in-Aid	0	338,693	0	0	0	338,693
<b>Total Revenue</b>	<b>9,982,521</b>	<b>580,490</b>	<b>92,270</b>	<b>615,068</b>	<b>3,719</b>	<b>11,274,068</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
<b>Instruction</b>						
Regular Instruction	4,563,417	41,623	0	0	88	4,605,128
Special Instruction	824,745	296,107	0	0	0	1,120,852
Vocational Instruction & Adult	391,324	0	0	0	0	391,324
Adult/Continuing	17,116	0	0	0	0	17,116
<b>Supporting Service</b>						
Supporting Services-Pupils	526,256	58,684	0	0	0	584,940
Supporting Services-Instructional Staff	351,546	26,757	0	213,808	2,344	594,455
Supporting Services-Board of Education	20,547	0	0	0	0	20,547
Supporting Services-Administration	911,934	3,394	0	0	0	915,328
Fiscal Services	249,478	5,058	1,565	3,308	0	259,409
Operation & Maintenance-Plant	828,771	0	0	406,723	0	1,235,494
Supporting Services-Pupil Transportation	717,805	0	0	164,000	0	881,805
Central Services	61,550	7,771	0	0	0	69,321
Community Services	0	10,081	0	0	0	10,081
<b>Extracurricular Activities</b>						
Academic & Subject Oriented	17,015	8,346	0	0	0	25,361
Sports Oriented	187,207	147,563	0	0	0	334,770
Co-Curricular Activities	9,204	19,773	0	0	0	28,977
<b>Capital Outlay</b>						
Other Facility Acquisition & Improvement	0	0	0	1,000,025	0	1,000,025
<b>Debt Service</b>						
Repayment of Debt	0	0	260,427	0	0	260,427
<b>Total Expenditures</b>	<b>9,677,915</b>	<b>625,157</b>	<b>261,992</b>	<b>1,787,864</b>	<b>2,432</b>	<b>12,355,360</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>304,606</b>	<b>(44,667)</b>	<b>(169,722)</b>	<b>(1,172,796)</b>	<b>1,287</b>	<b>(1,081,292)</b>
<b>Other Financing Sources and Uses:</b>						
<b>Other Financing Sources</b>						
Sale & Loss of Assets	21,318	0	0	220,659	0	241,977
Sale of Notes	0	0	0	425,000	0	425,000
Transfers In	0	0	174,954	0	1,365	176,319
Other Sources	22,219	4,517	0	0	0	26,736
<b>Other Financing Uses</b>						
Transfers Out	(174,954)	0	0	0	0	(174,954)
Other Uses	(75,909)	(1,717)	0	0	0	(77,626)
<b>Net Other Financing Sources and Uses</b>	<b>(207,326)</b>	<b>2,800</b>	<b>174,954</b>	<b>645,659</b>	<b>1,365</b>	<b>617,452</b>
<b>Excess (Deficiency) of Revenue Receipts and Other Sources Over (Under) Expenditure Disbursement and Other Uses</b>	<b>97,280</b>	<b>(41,867)</b>	<b>5,232</b>	<b>(527,137)</b>	<b>2,652</b>	<b>(463,840)</b>
Increase in Inventory	4,101	0	0	0	0	4,101
<b>Beginning Fund Balance</b>	<b>1,068,054</b>	<b>168,800</b>	<b>93,017</b>	<b>1,064,302</b>	<b>5,261</b>	<b>2,399,434</b>
<b>Ending Fund Balance</b>	<b>\$1,169,435</b>	<b>\$126,933</b>	<b>\$98,249</b>	<b>\$537,165</b>	<b>\$7,913</b>	<b>\$1,939,695</b>

See Accompanying Notes to the General Purpose Financial Statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$3,322,998	\$3,323,056	\$58	\$0	\$0	\$0
Tuition	298,657	298,657	0	0	0	0
Earnings on Investment	124,623	132,788	8,165	0	0	0
Extracurricular Activities	0	0	0	117,750	117,750	0
Classroom Materials & Fees	48,552	48,578	26	0	0	0
Miscellaneous	57,515	62,044	4,529	45,783	46,363	580
State Unrestricted Grants-in-Aid	6,023,812	6,046,508	22,696	4,000	4,000	0
State Restricted Grants-in-Aid	42,715	42,715	0	77,948	77,948	0
State Revenue for/on Behalf of District	17,721	17,721	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	385,230	385,230	0
<b>Total Revenue</b>	<b>9,936,593</b>	<b>9,972,067</b>	<b>35,474</b>	<b>630,711</b>	<b>631,291</b>	<b>580</b>
<b>Expenditures:</b>						
Regular Instruction	4,658,765	4,583,308	75,457	46,968	41,610	5,358
Special Instruction	831,978	815,884	16,094	335,844	300,763	35,081
Vocational Instruction	413,030	375,253	37,777	0	0	0
Other Instruction	18,182	16,951	1,231	0	0	0
Support Services-Pupils	516,583	507,905	8,678	58,684	58,684	0
Support Services-Instructional Staff	393,988	379,543	14,445	43,311	39,308	4,003
Support Services-Board of Education	21,983	20,547	1,436	0	0	0
Support Services-Administration	956,779	908,391	48,388	3,571	3,348	223
Fiscal Services	262,712	248,794	13,918	9,154	5,058	4,096
Operation & Maintenance-Plant	874,942	823,116	51,826	0	0	0
Support Services-Transportation	769,926	719,842	50,084	0	0	0
Central Service	71,416	58,337	13,079	9,316	8,355	961
Community Services	0	0	0	10,283	10,158	125
Academic & Subject Oriented	23,686	17,015	6,671	9,298	8,454	844
Sports Oriented	211,798	181,985	29,813	199,107	153,370	45,737
Co-Curricular Activities	9,231	9,204	27	67,713	28,929	38,784
Other Facilities, Acq. & Construction	0	0	0	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>10,034,999</b>	<b>9,666,075</b>	<b>368,924</b>	<b>793,249</b>	<b>658,037</b>	<b>135,212</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(98,406)</b>	<b>305,992</b>	<b>404,398</b>	<b>(162,538)</b>	<b>(26,746)</b>	<b>135,792</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	21,318	21,318	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Advances-In	0	0	0	0	0	0
Other Sources	22,219	22,219	0	4,517	4,517	0
Transfers-Out	(220,973)	(174,954)	46,019	0	0	0
Advances-Out	(50,000)	(50,000)	0	0	0	0
Other Uses	(85,000)	(69,629)	15,371	(1,717)	(1,717)	0
<b>Total Other Sources (Uses)</b>	<b>(312,436)</b>	<b>(251,046)</b>	<b>61,390</b>	<b>2,800</b>	<b>2,800</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(410,842)</b>	<b>54,946</b>	<b>465,788</b>	<b>(159,738)</b>	<b>(23,946)</b>	<b>135,792</b>
Beginning Fund Balance	1,568,438	1,568,438	0	150,351	150,351	0
Prior Year Carry Over Encumbrances	38,741	38,741	0	11,515	11,515	0
<b>Ending Fund Balance</b>	<b>\$1,196,337</b>	<b>\$1,662,125</b>	<b>\$465,788</b>	<b>\$2,128</b>	<b>\$137,920</b>	<b>\$135,792</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 1999**  
**(CONTINUED)**

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$82,553	\$82,555	\$2	\$179,963	\$179,967	\$4
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	26,592	30,393	3,801
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	72,000	72,000	0
State Unrestricted Grants-in-Aid	11,541	11,541	0	20,275	20,275	0
State Restricted Grants-in-Aid	0	0	0	313,712	313,712	0
State Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grant-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>94,094</b>	<b>94,096</b>	<b>2</b>	<b>612,542</b>	<b>616,347</b>	<b>3,805</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	0	0	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	227,900	214,051	13,849
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	1,820	1,565	255	4,246	3,308	938
Operation & Maintenance-Plant	0	0	0	444,502	408,673	35,829
Support Services-Transportation	0	0	0	164,000	164,000	0
Central Service	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Other Facilities, Acq. & Construction	0	0	0	1,429,077	1,257,669	171,408
Repayment of Debt	305,786	260,427	45,359	0	0	0
<b>Total Expenditures</b>	<b>307,606</b>	<b>261,992</b>	<b>45,614</b>	<b>2,269,725</b>	<b>2,047,701</b>	<b>222,024</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(213,512)</b>	<b>(167,896)</b>	<b>45,616</b>	<b>(1,657,183)</b>	<b>(1,431,354)</b>	<b>225,829</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	220,659	220,659	0
Proceeds from Sale of Notes	0	0	0	425,000	425,000	0
Transfers In	174,954	174,954	0	0	0	0
Advances-In	0	0	0	50,000	50,000	0
Other Sources	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Other Uses.	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>174,954</b>	<b>174,954</b>	<b>0</b>	<b>695,659</b>	<b>695,659</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(38,558)</b>	<b>7,058</b>	<b>45,616</b>	<b>(961,524)</b>	<b>(735,695)</b>	<b>225,829</b>
Beginning Fund Balance	87,023	87,023	0	649,735	649,735	0
Prior Year Carry Over Encumbrances	0	0	0	410,867	410,867	0
<b>Ending Fund Balance</b>	<b>\$48,465</b>	<b>\$94,081</b>	<b>\$45,616</b>	<b>\$99,078</b>	<b>\$324,907</b>	<b>\$225,829</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 1999**  
**(CONTINUED)**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$3,585,514	\$3,585,578	\$64
Tuition	0	0	0	298,657	298,657	0
Earnings on Investment	0	0	0	151,215	163,181	11,966
Extracurricular Activities	0	0	0	117,750	117,750	0
Classroom Materials & Fees	0	0	0	48,552	48,578	26
Miscellaneous	3,719	3,719	0	179,017	184,126	5,109
State Unrestricted Grants-in-Aid	0	0	0	6,059,628	6,082,324	22,696
State Restricted Grants-in-Aid	0	0	0	434,375	434,375	0
State Revenue for/on Behalf of District	0	0	0	17,721	17,721	0
Federal Restricted Grants-in-Aid	0	0	0	385,230	385,230	0
<b>Total Revenue</b>	<b>3,719</b>	<b>3,719</b>	<b>0</b>	<b>11,277,659</b>	<b>11,317,520</b>	<b>39,861</b>
<b>Expenditures:</b>						
Regular Instruction	1,486	88	1,398	4,707,219	4,625,006	82,213
Special Instruction	0	0	0	1,167,822	1,116,647	51,175
Vocational Instruction	0	0	0	413,030	375,253	37,777
Other Instruction	0	0	0	18,182	16,951	1,231
Support Services-Pupils	50	0	50	575,317	566,589	8,728
Support Services-Instructional Staff	2,935	2,689	246	668,134	635,591	32,543
Support Services-Board of Education	0	0	0	21,983	20,547	1,436
Support Services-Administration	0	0	0	960,350	911,739	48,611
Fiscal Services	0	0	0	277,932	258,725	19,207
Operation & Maintenance-Plant	4,874	0	4,874	1,324,318	1,231,789	92,529
Support Services-Transportation	0	0	0	933,926	883,842	50,084
Central Service	0	0	0	80,732	66,692	14,040
Community Service	1,000	0	1,000	11,283	10,158	1,125
Academic & Subject Oriented	0	0	0	32,984	25,469	7,515
Sports Oriented	0	0	0	410,905	335,355	75,550
Co-Curricular Activities	0	0	0	76,944	38,133	38,811
Other Facilities, Acq. & Construction	0	0	0	1,429,077	1,257,669	171,408
Repayment of Debt	0	0	0	305,786	260,427	45,359
<b>Total Expenditures</b>	<b>10,345</b>	<b>2,777</b>	<b>7,568</b>	<b>13,415,924</b>	<b>12,636,582</b>	<b>779,342</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(6,626)</b>	<b>942</b>	<b>7,568</b>	<b>(2,138,265)</b>	<b>(1,319,062)</b>	<b>819,203</b>
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	241,977	241,977	0
Proceeds from Sale of Notes	0	0	0	425,000	425,000	0
Transfers In	1,365	1,365	0	176,319	176,319	0
Advances-In	0	0	0	50,000	50,000	0
Other Sources	0	0	0	26,736	26,736	0
Transfers-Out	0	0	0	(220,973)	(174,954)	46,019
Advances-Out	0	0	0	(50,000)	(50,000)	0
Other Uses.	0	0	0	(86,717)	(71,346)	15,371
<b>Total Other Sources (Uses)</b>	<b>1,365</b>	<b>1,365</b>	<b>0</b>	<b>562,342</b>	<b>623,732</b>	<b>61,390</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(5,261)</b>	<b>2,307</b>	<b>7,568</b>	<b>(1,575,923)</b>	<b>(695,330)</b>	<b>880,593</b>
Beginning Fund Balance	5,261	5,261	0	2,460,808	2,460,808	0
Prior Year Carry Over Encumbrances	0	0	0	461,123	461,123	0
<b>Ending Fund Balance</b>	<b>\$0</b>	<b>\$7,568</b>	<b>\$7,568</b>	<b>\$1,346,008</b>	<b>\$2,226,601</b>	<b>\$880,593</b>

See Accompanying Notes to the General Purpose Financial Statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	
<b>Operating Revenues:</b>			
Food Service	\$324,131	\$0	\$324,131
Extracurricular Activities	0	3,935	3,935
Charges for Services	0	892,791	892,791
<b>Total Operating Revenue</b>	<b>324,131</b>	<b>896,726</b>	<b>1,220,857</b>
<b>Operating Expenses:</b>			
Personal Services - Salary	174,981	0	174,981
Employee Benefits	79,187	0	79,187
Purchased Services	5,734	655,703	661,437
Supplies and Materials	183,848	55	183,903
Contractual Services	0	156,863	156,863
Depreciation	3,031	0	3,031
<b>Total Operating Expenses</b>	<b>446,781</b>	<b>812,621</b>	<b>1,259,402</b>
<b>Operating Income (Loss)</b>	<b>(122,650)</b>	<b>84,105</b>	<b>(38,545)</b>
<b>Non-Operating Revenues:</b>			
State Unrestricted Grants-In-Aid	5,417	0	5,417
Earnings on Investment	3,028	11,929	14,957
Federal Unrestricted Grants-In-Aid	126,581	0	126,581
<b>Total Non-Operating Revenues</b>	<b>135,026</b>	<b>11,929</b>	<b>146,955</b>
<b>Non-Operating Expenses:</b>			
Miscellaneous	0	5,410	5,410
<b>Total Non-Operating Expenses:</b>	<b>0</b>	<b>5,410</b>	<b>5,410</b>
<b>Transfers-out</b>	<b>0</b>	<b>(1,365)</b>	<b>(1,365)</b>
<b>Net Income</b>	<b>12,376</b>	<b>89,259</b>	<b>101,635</b>
<b>Beginning Retained Earnings</b>	<b>142,270</b>	<b>15,344</b>	<b>157,614</b>
<b>Retained Earnings at End of Year</b>	<b>\$154,646</b>	<b>\$104,603</b>	<b>\$259,249</b>

See Accompanying Notes to the General Purpose Financial Statements.

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	
<b>Cash Flows from Operating Activities</b>			
Operating Income (Loss)	(\$122,650)	\$84,105	(\$38,545)
<b>Adjustments to Reconcile Operating Loss</b>			
To Net Cash used in Operating Activities:			
Depreciation	3,031	0	3,031
<b>Net (Increase) Decrease in Assets:</b>			
Intergovernmental Receivable	1,810	0	1,810
Accounts Receivable	(207)	0	(207)
Inventory	6,695	0	6,695
<b>Net Increases (Decreases) in Liabilities:</b>			
Accounts Payable	(218)	3,614	3,396
Intergovernmental Payable	1,295	0	1,295
Deferred Revenue	(1,716)	0	(1,716)
Claims Payable	0	(180,693)	(180,693)
Accrued Wages and Benefits	(711)	0	(711)
Compensated Absences	(5,211)	0	(5,211)
<b>Total Adjustments</b>	<u>4,768</u>	<u>(177,079)</u>	<u>(172,311)</u>
<b>Net Cash Used in Operating Activities</b>	<b>(117,882)</b>	<b>(92,974)</b>	<b>(210,856)</b>
<b>Cash Flows from Noncapital Activities:</b>			
Earnings on Investment	3,028	11,929	14,957
Miscellaneous Expenses	0	(5,410)	(5,410)
Transfers-Out	0	(1,365)	(1,365)
Grants from State Sources	5,417	0	5,417
Grants from Federal Sources	100,394	0	100,394
Federal Commodities	26,187	0	26,187
<b>Net Cash Provided by Noncapital Financing Sources</b>	<u>135,026</u>	<u>5,154</u>	<u>140,180</u>
<b>Cash Flows from Capital Financing Sources:</b>			
Acquisition of Capital Assets	(827)	0	(827)
<b>Net Cash Provided by Capital Financing Sources</b>	<u>(827)</u>	<u>0</u>	<u>(827)</u>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	<b>16,317</b>	<b>(87,820)</b>	<b>(71,503)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>113,844</u>	<u>238,683</u>	<u>352,527</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$130,161</u></u>	<u><u>\$150,863</u></u>	<u><u>\$281,024</u></u>

See Accompanying Notes to the General Purpose Financial Statements.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Fairfield Union School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local District as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998, was 1,954. The District employed 127 certified employees and 68 non-certificated employees. The District is supervised by the Fairfield County Educational Service Center, a separate entity.

The District is a result of consolidation in the early 1960's of the Rushville, Bremen and Pleasantville School Districts. The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of a reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

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

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

**A. Reporting Entity (Continued)**

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

**B. Fund Accounting**

The 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

**General Fund**

This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

**Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

**Debt Service Fund**

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

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

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

**B. Fund Accounting (Continued)**

**Capital Projects Funds**

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

**Proprietary Fund Types:**

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

**Enterprise Funds**

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

**Internal Service Funds**

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

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

**Expendable Trust Funds**

These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Nonexpendable Trust Funds**

These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The District currently has no nonexpendable trust funds.

**Agency Funds**

These funds are purely custodial and thus do not involve measurement of results of operations.

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

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

**B. Fund Accounting (Continued)**

**Account Groups:**

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

**General Fixed Assets Account Group**

This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

**General Long-Term Debt Account Group**

This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

**C. Measurement Focus/Basis of Accounting**

The modified accrual basis of accounting is followed for Governmental Fund Types and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
  - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
  - b) Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 1999 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

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

**C. Measurement Focus/Basis of Accounting (Continued)**

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

**D. Budget and Budgetary Accounting**

All governmental and proprietary fund types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts three month temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Treasurer, Superintendent, and the Board of Education. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types and Similar Fiduciary Funds" in accordance with the budget basis of accounting.

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

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

**D. Budget and Budgetary Accounting (Continued)**

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**Encumbrances**

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

**E. Cash and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments". During the fiscal year all investments were limited to STAR Ohio and a money market account.

Investments are reported at cost except for investments in STAR Ohio is reported at fair value. Fair value is based on quoted market prices.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1998-99. 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, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General, Capital Projects, Enterprise, and Internal Service Funds during the fiscal year amounted to \$179,073.

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

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

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 1999. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available". "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 1999 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**I. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group (\$250 threshold). Fixed assets utilized in the proprietary funds are capitalized in the respective fund. The threshold does not apply to the proprietary funds assets. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not capitalize infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives (five to twenty years for machinery, equipment and vehicles) of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life (of five to twenty years) of the assets.

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

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

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, 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 District currently participates in several State and Federal programs, categorized as follows:

**Entitlements:**

**General Fund**

- State Foundation Program
- Homestead & Rollback Tax Subsidy
- School Bus Funding

**Special Revenue Funds**

- Educational Management Information Systems
- DPIA

**Capital Projects Funds**

- School Net Grants
- School Net Plus Grant
- Technology Equity Grant
- Emergency School Repair Grant

**Non-Reimbursable Grants:**

**Special Revenue Funds**

- Auxiliary Services
- Professional Development
- Textbook Subsidy
- Title I
- Title VI
- Title VIB
- Drug Free Schools Grant
- Goals 2000 Grant
- Continuous Improvement Grant

**Reimbursable Grants:**

**General Fund**

- Driver Education Reimbursement
- Tutor Reimbursement
- Vocational Education Reimbursement

**Proprietary Funds**

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 61% of the District's operating revenue during the 1999 fiscal year.



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

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

**K. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables". At June 30, 1999, the District had no "Due to Other Funds" and \$50,000 in "Interfund Receivables/Payables".

**L. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 1999 the District had no long-term interfund loans.

**M. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with five or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these 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 debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

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

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

**N. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. The District currently has no contributed capital.

**O. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**P. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

**R. Fund Balance Reserves**

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for supplies inventory, encumbrances, budget stabilization and future appropriation.

The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

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

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

**S. Memorandum Only - Total Columns**

Total columns on the general purposes financial statements are captioned "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.

**T. 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.

**2. BUDGETARY BASIS OF ACCOUNTING**

The following table summarizes 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 Governmental Fund Types and Similar Fiduciary Funds				
	Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$97,280	(\$41,867)	\$5,232	(\$527,137)	\$2,652
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue	(10,454)	50,801	1,826	1,279	0
Due to Expenditures:					
Net Adjustments to Expenditure	11,840	(32,880)	0	(259,837)	(345)
Due to Other Sources/Uses	(43,720)	0	0	50,000	0
Budget Basis	<u>\$54,946</u>	<u>(\$23,946)</u>	<u>\$7,058</u>	<u>(\$735,695)</u>	<u>\$2,307</u>

**3. CASH AND INVESTMENTS**

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

**3. CASH AND INVESTMENTS (Continued)**

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the 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 money 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 any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

**3. CASH AND INVESTMENTS (Continued)**

**Deposits:** At year end, the carrying amount of the District's deposits was \$27,639 and the bank balance was \$109,306. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$9,306 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

The District has \$67,905 on deposit with their fiscal agent, South Central Ohio Insurance Consortium. The amount was fully collateralized by the Consortium's banking institution.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the 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 District's name. STAROhio is unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

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 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.

	Category			Reported Amount	Fair Value
	1	2	3		
Money Market Account	-	-	\$1,983,988	\$1,983,988	\$1,983,988
STAR Ohio	-	N/A	-	1,184,332	1,184,332
Total Investments				<u>\$3,168,320</u>	<u>\$3,168,320</u>

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

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

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

**3. CASH AND INVESTMENTS (Continued)**

	Cash and Cash Equivalents Deposits	Investments
GASB Statement No.9	\$3,263,864	\$0
Investments:		
Money Market Account	(1,983,988)	1,983,988
STAR Ohio	(1,184,332)	1,184,332
Cash with Fiscal Agent	(67,905)	0
GASB Statement No.3	\$27,639	\$3,168,320

**4. PROPERTY AND SCHOOL INCOME TAX**

**School Income Tax**

The District currently benefits from a .75% income tax, which is assessed on all residents of the District.

The District apportions all the proceeds to the general fund.

**Property Tax**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Fairfield County Auditor at 35% of appraised market value. All property is required to be revalued every six years.

The last revaluation for the District was completed in 1995, an update will be done in 1999. The next revaluation is scheduled for 2001. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

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

**4. PROPERTY AND SCHOOL INCOME TAX**

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Fairfield County Treasurer collects property tax on behalf of the District. The Fairfield County Auditor remits to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 1999 for operations was \$45.10 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Residential/Agricultural	\$97,305,630
Real Property-Public Utility	49,720
Real Property-Commercial/Industrial	5,654,790
Real Property-Minerals	356,420
Personal Property-General	3,154,620
Personal Property-Public Utility	11,457,990
Total Assessed Value	\$117,979,170

**5. RECEIVABLES**

Receivables at June 30, 1999 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Special Revenue:	
E-Rate Subsidy	\$8,270
Enterprise:	
State and Federal Subsidy	12,730
Total Intergovernmental Receivables:	\$21,000

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

**6. INTERFUND RECEIVABLES/PAYABLES**

At June 30, 1999, the District has short-term interfund loans which are classified as "Interfund Receivable/Payable". An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$50,000	\$0
Capital Projects	0	50,000
	\$50,000	\$50,000

**7. FIXED ASSETS**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$141,528
Less Accumulated Depreciation	(63,148)
Net Fixed Assets	\$78,380

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 1999:

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Improvements	\$18,857	\$0	\$0	\$18,857
Buildings and Improvements	4,411,223	252,938	0	4,664,161
Furniture and Equipment	2,920,363	288,088	71,142	3,137,309
Vehicles	1,072,403	0	0	1,072,403
Total General Fixed Assets	\$8,422,846	\$541,026	\$71,142	\$8,892,730

The District had no construction in progress at June 30, 1999.



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

**8. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$723,456, \$740,064, and \$681,936, respectively; 83.7 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$117,808 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$206,778, \$205,524, and \$184,692, respectively; 44 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$130,389 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security**

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

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

**9. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent. For the District, this amount equaled \$180,864 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.3 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million.

SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$99,924 during the 1999 fiscal year.

**10. COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only Administrative and support personnel who are under a full year contract (12 months) are eligible for vacation time. The Superintendent is granted twenty days of vacation per year and the Treasurer is granted fifteen days per year. Classified staff are granted vacation days as follows:

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

**10. COMPENSATED ABSENCES (Continued)**

<u>Years of Service</u>	<u>Vacation Days</u>
1 - 8	10
8 -15	15
15+	20

Vacation time for classified employees has use restrictions, employees are expected to use earned vacation during the ensuing twelve month period. If at the end of the twelve month period, an employee has not used all of their earned vacation, the employee has the option of transferring the unused vacation to the following year (for use by December 31 of that year), or payment in lieu of vacation at 60% of the employees rate. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for severance is 225 days.

Retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 56 days. In addition, certified employees who retire after thirty years and have the maximum accumulation will receive a retirement bonus of 75 days severance pay in lieu of the 56 days.

**11. RISK MANAGEMENT**

**A. General Risk**

The 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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$5,000,000 for each occurrence and \$5,000,000 in the aggregate. The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss. The District maintains replacement cost insurance on buildings and contents in the amount of \$29,573,300.

**B. Workers Compensation-Public Entity Risk Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (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.

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

**11. RISK MANAGEMENT (Continued)**

**B. Workers Compensation-Public Entity Risk Pool (Continued)**

The intent of the GRP is to achieve the benefit of a reduced premium for the 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.

**C. Health Insurance**

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs. This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical, dental, vision, and prescription drug coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier. Effective July 1, 1996, the District terminated the independent carrier for self-insurance for basic medical, and prescription drug coverage and joined the South Central Ohio Insurance Consortium (SCOIC). The District continues to maintain an independent self-insurance fund for dental coverage. Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$42,495 at June 30, 1999.

A summary of changes in self-insurance claims for the year ended June 30, 1999:

	June 30, 1999	June 30, 1998
Claim Liabilities at beginning of year	\$233,188	\$139,829
Incurred Claims	565,384	657,808
Claims Paid	(756,077)	(564,449)
Claim Liabilities at end of year	<u>\$42,495</u>	<u>\$233,188</u>

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

**11. RISK MANAGEMENT (Continued)**

SCOIC currently includes eight member districts. Contributions are determined by the consortium's board of directors and are remitted monthly to the consortium's fiscal agent, who then pays all incurred claims. Thus actual cash "reserves" are held by the fiscal agent.

Professional Risk Management, Inc., a third party administrator, services all health / medical claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$40,000 and \$2,000,000 lifetime maximum, per employee consortium wide.

**12. NOTES AND LONG-TERM DEBT**

A summary of changes in long-term obligations for the year ended June 30, 1999, are as follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Intergovernmental Payable	\$75,809	\$78,430	\$75,809	\$78,430
General Obligation Notes Payable	832,000	425,000	86,000	1,171,000
General Obligation Bonds Payable	1,065,000	0	25,000	1,040,000
General Obligation Bus Bonds Payable	402,000	0	35,000	367,000
Capital Leases Payable	235,688	0	78,205	157,483
Compensated Absences Payable	1,034,926	1,020,116	1,034,926	1,020,116
Total	<u>\$3,645,423</u>	<u>\$1,523,546</u>	<u>\$1,334,940</u>	<u>\$3,834,029</u>

The \$1,040,000 of outstanding general obligation bonds relate to two projects. In 1993, bonds were issued for the purpose of an addition, remodeling and equipping the middle school building and improving the site thereof and an activity center at the high school. The bonds were issued for \$1,150,000 at 5.9% interest and mature December, 2018.

These bonds are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

The annual maturities of the general obligation bonds as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2000	\$25,000	\$58,406	\$83,406
FY 2001	30,000	57,208	87,208
FY 2002	30,000	55,850	85,850
FY 2003	30,000	54,448	84,448
FY 2004 and thereafter	925,000	516,387	1,441,387
Totals	<u>\$1,040,000</u>	<u>\$742,299</u>	<u>\$1,782,299</u>

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

**12. NOTES AND LONG-TERM DEBT (Continued)**

In December, 1997 the District issued general obligation notes for H.B. 264 energy improvements. The notes issued for \$1,047,892 at 4.4% interest and mature December, 2005. The balance of this debt was refinanced in November, 1998 extending the payment schedule an additional five years. In June, 1999 the District issued additional general obligation notes for H.B. 264 energy improvements. The notes were issued for \$425,000 at 4.85% interest and mature December, 2013. The annual maturities of these general obligation notes as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2000	\$94,000	\$50,510	\$144,510
FY 2001	130,350	46,369	176,719
FY 2002	41,650	42,518	84,168
FY 2003	125,000	38,836	163,836
FY 2004 and thereafter	780,000	158,099	938,099
Totals	<u>\$1,171,000</u>	<u>\$336,332</u>	<u>\$1,507,332</u>

In February of 1996, the District issued \$260,000 in general obligation bus bonds for the purchase of five school buses. The bonds have an average interest of 5.38% and mature in 2007. The annual maturities of the general obligation bus bonds as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2000	\$22,000	\$11,644	\$33,644
FY 2001	23,000	10,489	33,489
FY 2002	25,000	9,281	34,281
FY 2003	26,000	7,944	33,944
FY 2004 and thereafter	121,000	16,912	137,912
Totals	<u>\$217,000</u>	<u>\$56,270</u>	<u>\$273,270</u>

In February of 1998, the District issued \$164,000 in general obligation bus bonds for the purchase of school buses. The bonds have an average interest of 5% and mature in 2008. The annual maturities of the general obligation bus bonds as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2000	\$14,000	\$7,500	\$21,500
FY 2001	14,000	6,800	20,800
FY 2002	15,000	6,100	21,100
FY 2003	16,000	5,350	21,350
FY 2004 and thereafter	91,000	14,150	105,150
Totals	<u>\$150,000</u>	<u>\$39,900</u>	<u>\$189,900</u>

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

**12. NOTES AND LONG-TERM DEBT (Continued)**

The District is making installment payments on copiers and modular buildings. This equipment has been capitalized in the general fixed assets account group. This obligation has an outstanding balance of \$157,483 at June 30, 1999. The following is a schedule of future minimum lease payments required under capital leases and present value of the minimum lease payments in the Governmental funds as of June 30, 1999:

	Year Ending June 30
FY 2000	\$85,578
FY 2001	85,578
FY 2002	5,151
Total	176,307
Less Interest:	(18,824)
Present Value of Minimum Lease Payments	\$157,483

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District 's unvoted debt limit is \$117,979. The voted debt limit at June 30, 1998 is \$9,438,334.

**13. SEGMENTS OF ENTERPRISE ACTIVITIES**

Key financial data for the District's Enterprise Funds for the year ended June 30, 1999, are as follows:

	Lunchroom Fund	Uniform Supply Fund	Totals (Memorandum) (Only)
Operating Revenues	\$324,131	\$0	\$324,131
Operating Expenses:			
Depreciation	(3,031)	0	(3,031)
Other Expenses	(437,235)	(6,515)	(443,750)
Total Operating Expenses	(440,266)	(6,515)	(446,781)
Operating Loss	(116,135)	(6,515)	(122,650)
Non Operating Revenues and			
Grants	131,998	0	131,998
Earnings on Investment	3,028	0	3,028
Net Income (Loss)	\$18,891	(\$6,515)	\$12,376
Net Working Capital	\$70,868	\$5,398	\$76,266
Total Assets	\$241,549	\$5,398	\$246,947
Retained Earnings	\$149,248	\$5,398	\$154,646

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

**14. JOINTLY GOVERNED ORGANIZATIONS**

**Metropolitan Educational Council**

MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent.

The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

**Fairfield County Council for Educational Collaboration**

In accordance with the provisions of Ohio Revised Code 167 and 124.81, certain boards of education and institutions of higher education, within Fairfield County, have determined to enter into an agreement to form a council of governments. This council of governments shall be known as the Fairfield County Council for Educational Collaboration.

The purpose of the Fairfield County Council for Educational Collaboration is to bring together the public school systems and public institution for higher education in Fairfield County so they can collectively devise and provide for enhanced educational opportunities for the students and citizens of the community. The areas of interest that may be addressed by the Council include, but are not limited to, student programming, school management issues, and any other collaborative projects deemed appropriate by the governing body of the Council. The District appoints the superintendent to be its representative to the Board of Directors of this council.

The District has no ongoing financial interest or financial responsibility to the Fairfield County Council for Educational Collaboration.

**South Central Ohio Insurance Consortium**

The South Central Ohio Insurance Consortium (SCOIC) is a Regional Council of Governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or ongoing financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees.

**Central Ohio Special Education Regional Resource Center**

The Central Ohio Special Education Regional Resource Center (COSSERC) is a not-for-profit Council of Governments of various school districts in Central Ohio. The District participates in services that assist the District in complying with Mandates of Public Law 101-476 and Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the District. COSSERC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for COSSERC.



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

**15. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

**B. Litigation**

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 1999.

**16. SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$5,655,078 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County is currently reviewing the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

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

**17. STATUTORY RESERVES**

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

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1998	\$0	\$0	\$54,953	\$54,953
Current Year Set-Aside Requirement	139,390	139,390	69,695	348,475
Current Year Offsets	(26,188)	(179,584)	0	(205,772)
Qualifying Disbursements	(289,419)	(409,841)	0	(699,260)
Total	<u>(176,217)</u>	<u>(450,035)</u>	<u>124,648</u>	<u>(501,604)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$124,648</u>	
Amount Restricted for Budget Stabilization				<u>\$124,648</u>
Total Restricted Assets				<u>\$124,648</u>

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

**18. YEAR 2000 ISSUE**

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

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has buildings with power systems which have extensive efficiency utilization measures within the systems.

Property tax billing, collection and remittance for the District is handled by the Fairfield County Auditor. Fairfield County is responsible for remediating this system, and is solely responsible for any associated costs.

The District utilized third party administrator organizations to provide computer services (EDP processing), and medical and dental claims processing. In addition, its banking institution provides financial transactions for the District. The District has obtained assurances from these organizations or institutions regarding remediation of these systems. These organizations or institutions are responsible for remediating these systems, and are solely responsible for the associated costs.

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

**18. YEAR 2000 ISSUE**

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems and is solely responsible for any associated costs.

The District has obtained assurances from Johnson Controls indicating that as of December 10, 1998, the heating systems for all buildings are year 2000 compliant.

To the best of management's knowledge and belief, as of January 31, 2000, the District experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

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

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	-	10.550	\$0	\$30,766	\$0	\$32,881
National School Lunch Program	04-PU-99	10.555	95,995	0	95,995	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>95,995</u>	<u>30,766</u>	<u>95,995</u>	<u>32,881</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
E-Rate	-	84.xxx	5,487	0	1,259	0
<i>Passed Through Ohio Department of Education:</i>						
Title 1 - Grants to Local Educational Agencies	C1-S1-98/99	84.010	299,972	0	275,647	0
Special Education-Grants to States	6B-SF-97/98	84.027	52,116	0	58,684	0
Safe and Drug Free Schools and Communities - State Grants	DR-S1-98/99	84.186	9,814	0	10,928	0
Goals 2000 - State and Local Education Systematic Improvement Grant	G2-S1-98/99	84.276	9,700	0	8,223	0
Innovative Education Program Strategies	C2-S1-98/99	84.298	7,141	0	7,491	0
<i>Passed Through Fairfield County Educational Service Center:</i>						
Goals 2000 - State and Local Education Systematic Improvement Grant	-	84.276	1,000	0	0	0
Total Department of Education			<u>385,230</u>	<u>0</u>	<u>362,232</u>	<u>0</u>
<b>Totals</b>			<u><u>\$481,225</u></u>	<u><u>\$30,766</u></u>	<u><u>\$458,227</u></u>	<u><u>\$32,881</u></u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

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



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Fairfield Union Local School District  
7698 Main Street  
West Rushville, Ohio 43163

We have audited the general-purpose financial statements of the Fairfield Union Local School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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.

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

**JIM PETRO**  
Auditor of State

January 31, 2000





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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

Board of Education  
Fairfield Union Local School District  
7698 Main Street  
West Rushville, Ohio 43163

**Compliance**

We have audited the compliance of Fairfield Union Local School District, Fairfield 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 program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would 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 audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

January 31, 2000

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

**JUNE 30, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .315 (b)**

**JUNE 30, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1998-10623-001	Revised Code 5705.41(B), for expenditures plus encumbrances in excess of appropriations.	Yes.	N/A.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**FAIRFIELD UNION LOCAL SCHOOL DISTRICT**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 7, 2000**