

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

AUDITED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 1999

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
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SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

ELECTED OFFICIALS
AS OF JUNE 30, 1999

<u>Elected Officials</u>	<u>Title</u>	<u>Term of Office</u>
<u>Board of Education:</u>		
Daniel Hartzel	President	1/1/96-12/31/99
Sue Williams	Vice President	1/1/98-12/31/01
Kirby Kiser	Member	1/1/96-12/31/99
Jerry Herman	Member	1/1/96-12/31/99
Paul Davis	Member	1/1/98-12/31/01

Statutory Legal Counsel:

Keith Shearer
Silver Building, Suite 210
Wooster, Ohio 44691

Wayne County Prosecutor

Squire, Sanders, & Dempsey
1800 Huntington Building
Cleveland, Ohio 44115

Counselors at Law

Official Address:

Southeast Local School District
9048 Dover Road
Apple Creek, Ohio 44606

(A) Peerless Insurance Company

<u>Surety</u>	<u>Amount</u>	<u>Period</u>
(A)	\$20,000	1/1/98-12/31/99

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 1999

<u>Name</u>	<u>Title</u>	<u>Term of Office or Contract Period</u>
John Tooley	Superintendent	8/1/98 – 7/31/00
Eric Koehler	Treasurer	1/1/97 - 1/1/01

(A) Peerless Insurance Company

(B) Nationwide Mutual Insurance Company

<u>Surety</u>	<u>Amount</u>	<u>Period</u>
(A)	\$20,000	1/1/98 - 12/31/99
(B)	\$20,000	1/1/97 - 1/1/01

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES

General Fund

General Fund

Special Revenue Funds

Principal's Fund

Student Activity Athletic Fund

Disadvantaged Pupil Program Fund

Career Development Fund

Teacher Development Fund

Management Information System Fund

Title VI-B - Special Education: Assistance To States For
Education Of Handicapped Children Fund

Elementary And Secondary Education Act Block Grant:
Title I - Special Educational Needs Of Disadvantaged
Children Fund

Elementary And Secondary Education Act Block Grant:
Title VI - Consolidation Of Federal Programs
For Elementary And Secondary Education Fund

Eisenhower Fund

Venture Capital Grant Fund

Debt Service Fund

Bond Retirement Fund

Capital Projects Funds

Permanent Improvement Fund

Schoolnet Plus

PROPRIETARY FUND TYPES

Enterprise Funds

Food Services Fund

Uniform School Supplies Fund

Internal Service Funds

Self Insurance - Dental

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

INDEX OF FUNDS
(Continued)

FIDUCIARY FUND TYPES

Agency Fund

Student Managed Activity Funds

ACCOUNT GROUPS

General Long-Term Debt Account Group

General Fixed Assets Account Group



STATE OF OHIO
OFFICE OF THE AUDITOR

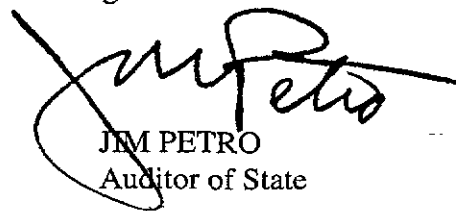
JIM PETRO, AUDITOR OF STATE

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

Board of Education
Southeast Local School District
Apple Creek, OH

We have reviewed the Independent Auditor's Report of the Southeast Local School District, Wayne County, prepared by Guillan & Company, for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Southeast Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

February 4, 2000

Guillan & Company

CERTIFIED PUBLIC ACCOUNTANT

Wales Office Building

2137 Wales Ave. N.W. • Massillon, Ohio 44646

Telephone (330) 837-0046

FAX (330) 837-1563

Independent Auditor's Report

Board of Education
Southeast Local School District
Apple Creek, Ohio 44606

We have audited the accompanying general-purpose financial statements of the Southeast Local School District, as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Southeast Local School District, 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 13, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provision 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 Southeast Local School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. Such information has been subjected to the

**Southeast Local School District
Wayne County**

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.

January 13, 2000

Quillman & Company

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

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

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Assets and Other Debits</u>				
Cash, Cash Equivalents and Investments	\$ 2,192,891	\$ 550,903	\$ 514,684	\$ 277,681
Receivable (Net Allowances for Uncollectables)				
Taxes - Current	3,796,920	973,170	188,821	242,550
Taxes - Delinquent	78,820	18,042	4,150	5,228
Due From Other Governments	1,750	520	-	-
Prepaid Items	65,408	9,612	-	-
Materials & Supplies Inventory	-	-	-	-
Restricted Assets:				
Cash, Cash Equivalents, and Investments	123,931	-	-	-
Property, Plant and Equipment (Net of Accumulated Depreciation where applicable)	-	-	-	-
Amount to be provided for Retirement of General Long-Term Obligations	-	-	-	-
Total Assets and Other Debits	\$ 8,259,720	\$ 1,552,247	\$ 707,655	\$ 525,459

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

PROPRIETARY FUND TYPES		FIDUCIARY FUND	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO-RANDUM ONLY)
\$ 55,999	\$ 66,316	\$ 28,422	\$ -	\$ -	\$ 3,686,896
-	-	-	-	-	5,201,461
-	-	-	-	-	106,240
-	-	-	-	-	2,270
4,245	458	-	-	-	79,723
18,749	-	-	-	-	18,749
-	-	-	-	-	123,931
64,222	-	-	8,960,618	-	9,024,840
-	-	-	-	1,981,075	1,981,075
\$ 143,215	\$ 66,774	\$ 28,422	\$ 8,960,618	\$ 1,981,075	\$ 20,225,185

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 1999
 (Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Liabilities, Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 129,364	\$ 5,901	\$ -	\$ 5,074
Accrued Wages and Benefits	767,568	322,861	-	-
Compensated Absences Payable	6,830	-	-	-
Due to Students	-	-	-	-
Capital Lease Payable	-	-	-	-
Claims Payable	-	-	-	-
Due to Other Governments	116,402	49,299	-	-
Deferred Revenue	3,766,228	975,667	188,054	241,412
General Obligation Bonds Payable	-	-	-	-
General Obligation Notes Payable	-	-	-	-
Total Liabilities	4,786,390	1,353,728	188,054	246,486
<u>Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings : Unreserved	-	-	-	-
Fund Balances:				
Reserved for Prepaid Items	65,351	9,612	-	-
Reserved for Encumbrances	186,525	50,885	-	5,410
Reserved for Property Taxes	109,515	15,545	4,916	6,366
Reserved for Budget Stabilization	123,931	-	-	-
Unreserved - Undesignated	988,008	122,477	514,685	267,197
Total Equity and Other Credits	1,473,330	198,519	519,601	278,973
Total Liabilities, Equity and Other Credits	\$ 6,259,720	\$ 1,552,247	\$ 707,655	\$ 525,459

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

PROPRIETARY FUND TYPES		FIDUCIARY FUND	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO-RANDUM ONLY)
\$ -	\$ -	\$ 3,216	\$ -	\$ -	\$ 143,555
20,073	-	-	-	-	1,110,502
9,664	-	-	-	350,105	366,599
-	-	25,206	-	-	25,206
-	-	-	-	14,819	14,819
-	9,346	-	-	-	9,346
18,926	-	-	-	100,660	285,287
9,095	-	-	-	-	5,180,454
-	-	-	-	810,000	810,000
-	-	-	-	705,491	705,491
57,758	9,346	28,422	-	1,981,075	8,651,259
-	-	-	8,960,618	-	8,960,618
85,457	57,428	-	-	-	142,885
-	-	-	-	-	74,963
-	-	-	-	-	242,820
-	-	-	-	-	136,342
-	-	-	-	-	123,931
-	-	-	-	-	1,892,367
85,457	57,428	-	8,960,618	-	11,573,926
\$ 143,215	\$ 66,774	\$ 28,422	\$ 8,960,618	\$ 1,981,075	\$ 20,225,185

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

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

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<u>Revenues</u>				
Taxes	\$ 3,829,504	\$ 925,949	\$ 186,346	\$ 244,270
Tuition and Fees	21,848	-	-	-
Earnings on Investments	139,696	3,472	23,202	4,362
Intergovernmental	4,306,083	1,695,268	20,136	25,449
Extracurricular Activities	-	225,830	-	-
Classroom Materials & Supplies	28,111	-	-	-
Miscellaneous	236,488	138,419	-	-
Total Revenues	8,561,730	2,988,938	229,684	274,081
<u>Expenditures</u>				
Instruction:				
Regular Instruction	3,696,167	851,218	-	101,585
Special Instruction	504,367	979,678	-	-
Vocational Instruction	319,664	-	-	-
Other Instruction	18,051	-	-	-
Support Services:				
Pupils	208,175	266,255	-	-
Instructional Staff	214,920	106,995	-	-
Board of Education	12,612	-	-	-
School Administration	1,056,119	75,798	-	-
Fiscal	239,219	20,710	4,768	5,333
Operations and Maintenance	797,697	-	-	-
Pupil Transportation	583,507	17,801	-	-
Central	21,787	3,652	-	-
Extracurricular Activities	187,034	156,322	-	-
Facilities Acquisition	21	86,979	-	242,020
Debt Service:				
Principal Retirement	46,875	-	100,000	29,608
Interest and Fiscal Charges	32,313	-	63,425	5,671
TOTAL EXPENDITURES	\$ 7,938,528	\$ 2,565,408	\$ 168,193	\$ 384,217

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

TOTALS
(MEMORANDUM
ONLY)

\$ 5,186,069
21,848
170,732
6,046,936
225,830
28,111
374,907

12,054,433

4,648,970
1,484,045
319,664
18,051

474,430
321,915
12,612
1,131,917
270,030
797,697
601,308
25,439
343,356
329,020

176,483
101,409

\$ 11,056,346

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ 623,202	\$ 423,530	\$ 61,491	\$ (110,136)
<u>Other Financing Sources/ (Uses)</u>				
Transfers Out	(63,000)	-	-	-
Total Other Financing Sources/ (Uses)	(63,000)	-	-	-
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	560,202	423,530	61,491	(110,136)
FUND BALANCES - July 1, 1998	913,128	(225,011)	458,110	389,109
FUND BALANCES - June 30, 1999	\$ 1,473,330	\$ 198,519	\$ 519,601	\$ 278,973

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

TOTALS
(MEMORANDUM
ONLY)

\$ 998,087

(63,000)

(63,000)

935,087

1,535,336

\$ 2,470,423

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<u>Revenues</u>			
Taxes	\$ 3,630,000	\$ 4,118,753	\$ 488,753
Tuition and Fees	5,000	21,848	16,848
Earnings on Investments	70,000	134,693	64,693
Extracurricular Activities	-	-	-
Intergovernmental	3,814,000	4,306,083	492,083
Classroom Materials and Fees	27,000	28,111	1,111
Miscellaneous	218,100	236,684	18,584
Total Revenues	7,764,100	8,846,172	1,082,072
<u>Expenditures</u>			
Instruction:			
Regular Instruction	3,864,913	3,670,968	193,945
Special Instruction	547,900	504,663	43,237
Vocational Instruction	329,020	314,659	14,361
Other Instruction	50,000	33,194	16,806
Support Services:			
Pupils	224,540	203,749	20,791
Instructional Staff	241,018	217,521	23,497
Board of Education	15,650	12,612	3,038
School Administration	1,115,613	1,010,837	104,776
Fiscal	275,230	234,888	40,342
Operations and Maintenance	869,523	782,696	86,827
Pupil Transportation	729,750	684,057	45,693
Central	17,100	17,041	59
Extracurricular Activities	200,950	185,022	15,928
Facilities and Acquisition	500	21	479
Debt Service:			
Principal Retirement	66,000	46,875	19,125
Interest and Fiscal Charges	50,000	32,313	17,687
Total Expenditures	\$ 8,597,707	\$ 7,951,116	\$ 646,591

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

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ 915,000	\$ 985,911	\$ 70,911	\$ 177,100	\$ 200,632	\$ 23,532
-	-	-	-	-	-
3,250	3,787	537	18,000	21,346	3,346
148,250	225,310	77,060	-	-	-
1,915,622	1,695,268	(220,354)	20,000	20,136	136
-	-	-	-	-	-
66,200	138,769	72,569	-	-	-
3,048,322	3,049,045	723	215,100	242,114	27,014
978,505	895,335	83,170	-	-	-
1,330,785	1,001,579	329,206	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
283,878	268,826	15,052	-	-	-
177,587	115,574	62,013	-	-	-
-	-	-	-	-	-
110,722	70,481	40,241	-	-	-
16,000	20,710	(4,710)	4,950	4,768	182
1,600	-	1,600	-	-	-
31,862	19,088	12,774	-	-	-
8,280	3,929	4,351	-	-	-
166,130	159,477	6,653	-	-	-
94,167	89,727	4,440	-	-	-
-	-	-	100,000	100,000	-
-	-	-	64,500	63,425	1,075
\$ 3,199,516	\$ 2,644,726	\$ 554,790	\$ 169,450	\$ 168,193	\$ 1,257

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (833,607)	\$ 895,056	\$ 1,728,663
<u>Other Financing Sources/ (Uses)</u>			
Transfers Out	(63,000)	(63,000)	-
Advances In	35,000	35,000	-
Advances Out	(15,000)	(15,000)	-
Total Other Sources/ (Uses)	(43,000)	(43,000)	-
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(876,607)	852,056	1,728,663
FUND BALANCES - July 1, 1998	1,161,467	1,161,467	-
FUND BALANCES - June 30, 1999	\$ 284,860	\$ 2,013,523	\$ 1,728,663

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

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ (151,194)	\$ 404,319	\$ 555,513	\$ 45,650	\$ 73,921	\$ 28,271
-	-	-	-	-	-
15,000	15,000	-	-	-	-
(15,000)	(35,000)	(20,000)	-	-	-
-	(20,000)	(20,000)	-	-	-
(151,194)	384,319	535,513	45,650	73,921	28,271
108,975	108,975	-	438,805	438,805	-
\$ (42,219)	\$ 493,294	\$ 535,513	\$ 484,455	\$ 512,726	\$ 28,271

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

CAPITAL PROJECTS FUND			
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Revenues			
Taxes	\$ 234,000	\$ 261,430	\$ 27,430
Tuition and Fees	-	-	-
Earnings on Investments	5,000	4,838	(162)
Extracurricular Activities	-	-	-
Intergovernmental	27,000	25,449	(1,551)
Classroom Materials and Fees	-	-	-
Miscellaneous	-	-	-
Total Revenues	266,000	291,717	25,717
Expenditures			
Instruction:			
Regular Instruction	200,710	105,675	95,035
Special Instruction	-	-	-
Vocational Instruction	-	-	-
Other Instruction	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
School Administration	-	-	-
Fiscal	5,500	5,333	167
Operations and Maintenance	-	-	-
Pupil Transportation	-	-	-
Central	-	-	-
Extracurricular Activities	-	-	-
Facilities and Acquisition	411,175	259,215	151,960
Debt Service:			
Principal Retirement	30,000	29,608	392
Interest and Fiscal Charges	7,000	5,671	1,329
Total Expenditures	\$ 654,385	\$ 405,502	\$ 248,883

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

TOTALS (MEMORANDUM ONLY)

REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ 4,956,100	\$ 5,566,726	\$ 610,626
5,000	21,848	16,848
96,250	164,664	68,414
148,250	225,310	77,060
5,776,622	6,046,936	270,314
27,000	28,111	1,111
284,300	375,453	91,153
\$ 11,293,522	\$ 12,429,048	\$ 1,135,526
5,044,128	4,671,978	372,150
1,878,685	1,506,242	372,443
329,020	314,659	14,361
50,000	33,194	16,806
508,418	472,575	35,843
418,605	333,095	85,510
15,650	12,612	3,038
1,226,335	1,081,318	145,017
301,680	265,699	35,981
871,123	782,696	88,427
761,612	703,145	58,467
25,380	20,970	4,410
367,080	344,499	22,581
505,842	348,963	156,879
196,000	176,483	19,517
121,500	101,409	20,091
\$ 12,621,058	\$ 11,169,537	\$ 1,451,521

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES, BUDGET - ACTUAL (BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)

	CAPITAL PROJECTS FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (388,385)	\$ (113,785)	\$ 274,600
<u>Other Financing Sources/ (Uses)</u>			
Transfers Out	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Total Other Sources/ (Uses)	-	-	-
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(388,385)	(113,785)	274,600
FUND BALANCES - July 1, 1998	385,727	385,727	-
FUND BALANCES - June 30, 1999	\$ (2,658)	\$ 271,942	\$ 274,600

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

TOTALS (MEMORANDUM ONLY)

REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
\$ (1,327,536)	\$ 1,259,511	\$ 2,587,047
(63,000)	(63,000)	-
50,000	50,000	-
(30,000)	(50,000)	(20,000)
(43,000)	(63,000)	(20,000)
(1,370,536)	1,196,511	2,567,047
2,094,974	2,094,974	-
\$ 724,438	\$ 3,291,485	\$ 2,567,047

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

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

	PROPRIETARY FUND TYPES		
	ENTERPRISE FUND	INTERNAL SERVICE FUND	TOTALS (MEMORANUDM ONLY)
<u>Operating Revenues</u>			
Food Services	\$ 293,809	\$ -	\$ 293,809
Classroom Materials and Supplies	6,990	-	6,990
Total Operating Revenues	300,799	-	300,799
<u>Operating Expenses</u>			
Salaries	166,728	-	166,728
Fringe Benefits	93,624	-	93,624
Purchased Services	-	74,005	74,005
Depreciation	6,908	-	6,908
Materials and Supplies	195,638	-	195,638
Total Operating Expenses	462,898	74,005	536,903
Operating (Loss)	(162,099)	(74,005)	(236,104)
<u>Nonoperating Revenues</u>			
Operating Grants	140,819	-	140,819
Transfers In	63,000	-	63,000
Miscellaneous	-	79,688	79,688
Total Nonoperating Revenues	203,819	79,688	283,507
Net Income	41,720	5,683	47,403
Retained Earnings - July 1, 1998	43,737	51,745	95,482
Retained Earnings - June 30, 1999	\$ 85,457	\$ 57,428	\$ 142,885

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

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

	PROPRIETARY FUND TYPES		
	ENTERPRISE FUND	INTERNAL SERVICE FUND	TOTALS (MEMORANDUM ONLY)
<u>Cash Flows from Operating Activities</u>			
Operating (Loss)	\$ (162,099)	\$ (74,005)	\$ (236,104)
Adjustments to reconcile Operating (Loss) to Net Cash (Used In) Operating Activities:			
Depreciation	6,908	-	6,908
<i><u>(Increase) Decrease in Assets:</u></i>			
Prepaid Items	(377)	(14)	(391)
Inventory	(6,273)	-	(6,273)
<i><u>Increase (Decrease) in Liabilities:</u></i>			
Compensated Absences Payable	(2,407)	-	(2,407)
Accrued Wages and Benefits	(1,065)	-	(1,065)
Claims Payable	-	1,603	1,603
Deferred Revenues	192	-	192
Due To Other Governments	8,089	-	8,089
Total Adjustments	3,067	1,589	4,656
Net cash (used in) operating activities	(159,032)	(72,416)	(231,448)
<u>Cash Flows from Noncapital Financing Activities</u>			
Operating Grants	140,819	-	140,819
Transfers In	63,000	-	63,000
Contributions from Other Funds	-	79,688	79,688
Net cash provided by noncapital financing activities	203,819	79,688	283,507
Net increase in cash and cash equivalents	44,787	7,272	52,059
Cash and cash equivalents - July 1, 1998	11,212	59,044	70,256
Cash and cash equivalents - June 30, 1999	\$ 55,999	\$ 66,316	\$ 122,315

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. Description of the School District and Reporting Entity

The Southeast Local School District (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 governed by a five-member board of education (the Board) elected by its citizens and is responsible for the provision of public education to residents of the District. The board oversees the operations of the District's six instructional and support facilities. Average daily membership as of October 1, 1998 was 1,768. The District employed 142 certified and 92 non-certified employees.

The Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

2. Summary of Significant Accounting Policies

The financial statements of the Southeast Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as it applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the guidelines of Governmental Accounting Standards Board (GASB) Statement 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting, the District has elected not to apply Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989, to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the District has required no change from prior years.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

The District's significant accounting policies are described below.

A. Basis of Presentation

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 District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available resources. For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types

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

General Fund

The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by propriety 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 District's Proprietary Fund types:

Enterprise Funds

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

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental units, on a cost-reimbursement basis.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Fiduciary Fund Type

Fiduciary Funds are used to account for assets not owned by the District, but held for a separate entity.

Agency Funds - to account for assets held by the District as an agent. Agency Funds are custodial in nature (Assets equal Liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

B. Measurement Focus and Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Basis of Accounting

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

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

The available period for the District is sixty days after fiscal year end.

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

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Estimated Resources

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

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Appropriations (Continued)

Formal budgetary integration is employed as a management control device during the year for all District funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent year end expenditures of governmental funds.

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled at various banks. Monies for all funds, including proprietary funds, are maintained in these accounts or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash, Cash Equivalents and Investments" on the balance sheet. During fiscal year 1999, investments were limited to STAR Ohio.

For purposes of the combined statement of cash flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents (Continued)

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

E. Inventory

Inventories are valued at cost (first in, first out) and are determined by physical count. Inventory in Proprietary Funds consist of expendable supplies held for consumption and food service items held for resale. The cost has been recorded as an expense at the time individual inventory items were consumed. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Donated commodities which are still on hand at year end are recorded as deferred revenue.

F. Prepaid Items

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

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the proprietary funds are capitalized in those funds. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not have any infrastructure.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

G. Fixed Assets and Depreciation (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture and equipment in the Enterprise Fund is computed using the straight-line method over estimated useful lives of eight to twenty years.

H. Restricted Assets

Restricted assets in the General Fund represents 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.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund
State Foundation Program

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

I. Intergovernmental Revenues

Nonreimbursable Grants

Special Revenue Funds

Title I

Title VI

Title VI-B Flow Through Grant

Eisenhower Grant

Teacher Development Grant

Goals 2000

Capital Projects Fund

School/Net

Reimbursable Grants

General Fund

Driver Education Reimbursement

Enterprise Fund

National School Lunch Program

Government Donated Commodities

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for Compensated Absences. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for both classified and certified employees once they meet the eligibility requirements for retirement from one of the State retirement systems. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees are paid. The remainder is reported in the General Long-Term Obligations Account Group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, compensated absences, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities those funds.

L. Interfund Transactions

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use of which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, budget stabilization, and prepaid items. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Total Columns on General Purpose Financial Statements

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

3. Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditure equivalents for all funds (Budgetary basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

3. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the Budgetary and GAAP basis statements by fund type.

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses

	General	Special Revenue	Capital Projects	Debt Service
Budget Basis	\$852,056	\$384,319	\$(113,785)	\$73,921
Adjustments for Revenue Accruals	(297,575)	(40,107)	(17,636)	(12,430)
Adjustments for Expenditure Accruals	(284,841)	21,711	15,555	-
Adjustments for Encumbrances	<u>290,562</u>	<u>57,607</u>	<u>5,730</u>	<u>-</u>
GAAP Basis	<u>\$ 560,202</u>	<u>\$ 423,530</u>	<u>\$(110,136)</u>	<u>\$61,491</u>

4. Deposits 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.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

4. Deposits and Investments (Continued)

Interim monies may be invested in the following obligations:

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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio); and
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

4. Deposits and Investments (Continued)

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

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

Deposits: At year end, the carrying amount of the District's deposits was \$66,084 and the bank balance was \$87,039. Of the bank balance, all was covered by federal depository insurance.

Investments: The District's Investments are categorized below to give an indication of the level of risk assumed by the District at fiscal 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 insured and unregistered investments which 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. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Value</u>	<u>Market Value</u>
STAR Ohio	<u>\$3,744,743</u>	<u>\$3,744,743</u>
Total Investments	<u>\$3,744,743</u>	<u>\$3,744,743</u>

5. Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied after April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

5. Property Taxes (Continued)

value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

The District receives property taxes from Wayne, Holmes, and Stark County. These County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1998, are available to finance fiscal year 1998 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 1999, was \$136,342.

6. Fixed Assets

A summary of the changes in the General Fixed Asset Account Group during the fiscal year is as follows:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Land and Land Improvements	\$ 363,363	\$11,780	\$ -	\$ 375,143
Buildings and Building Improvements	4,209,645	-	-	4,209,645
Furniture, Fixtures, and Equipment	3,546,741	144,458	42,237	3,648,962
Textbooks and Library Books	<u>726,868</u>	<u>-</u>	<u>-</u>	<u>726,868</u>
Totals	<u>\$8,846,617</u>	<u>\$156,238</u>	<u>\$ 42,237</u>	<u>\$ 8,960,618</u>

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

6. Fixed Assets (Continued)

A summary of the Enterprise Funds' fixed assets at June 30, 1999 is as follows:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Furniture, Fixtures, and Equipment	\$ 289,716	\$ -	\$ -	\$ 289,716
Less: Accumulated Depreciation	(218,586)	(6,908)	-	(225,494)
Net Fixed Assets	<u>\$ 71,130</u>	<u>\$(6,908)</u>	<u>\$ -</u>	<u>\$ 64,222</u>

7. Long-Term Debt and Other Obligations

Debt outstanding at June 30, 1999 consisted of the following:

General Obligation Bonds

General Obligation Notes

Principal Outstanding	\$810,000	Principal Outstanding	\$705,491
Interest Rate	7.38%	Interest Rate	5.05 %

The annual requirements to amortize all note debt outstanding as of June 30, 1999 including interest payments of \$436,054 are as follows:

<u>Year ending June 30</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>
2000	\$ 165,681	\$ 116,257
2001	167,200	116,257
2002	167,981	61,014
2003	168,025	61,014
2004	166,616	61,014
Thereafter	166,616	533,870
TOTAL	<u>\$1,002,119</u>	<u>\$ 949,426</u>

Long-term debt and other obligations at June 30, 1999 and the related transactions for the year are summarized as follows:

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

7. Long-Term Debt and Other Obligations (Continued)

	Balance 7/1/98	Additions	Reductions	Balance 6/30/99
G.O. Bonds Payable	\$ 910,000	\$ -	\$ 100,000	\$ 810,000
G.O. Notes Payable	781,974	-	76,483	705,491
Compensated Absences Payable	287,227	70,860	7,982	350,105
Due to Other Governments	108,762	-	8,102	100,660
Capital Lease Payable	17,896	-	3,077	14,819
Total	<u>\$ 2,105,859</u>	<u>\$ 70,860</u>	<u>\$ 195,644</u>	<u>\$ 1,981,075</u>

All obligations outstanding are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund when due and payable.

8. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 238 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 55 days for both classified and certified employees.

9. Risk Management

Comprehensive - The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with private carriers for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by these carriers is as follows:

Building and Contents-replacement cost - \$16,113,105 (\$1,000 deductible)

Inland Marine Coverage - No Limit (\$100 deductible)

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

9. Risk Management (Continued)

Automobile Liability - \$1,000,000 (\$100 deductible)

Uninsured Motorists - \$1,000,000

General Liability - \$5,000,000 aggregate/\$1,000,000 per occurrence

Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers Compensation - The District participates in the Ohio School Board Association Workers' Compensation Program (GRP), an insurance purchasing pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. The GRP is intended to achieve the benefit of a reduced premium by virtue of its grouping and representation with other participants 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. The 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's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

Self-Insurance - The District is self-insured only for its dental insurance program. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claims reserves, and administrative costs of the program. During fiscal year 1999, a total expense of \$75,083 was incurred in benefits and administrative costs. A stop loss insurance contract with a private insurance carrier, covers aggregate stop loss in excess of 120% of expected claims. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as quasi-external interfund transaction.

10. Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

10. Defined Benefit Pension Plans (Continued)

A. School Employees Retirement System (Continued)

established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

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 contribution rate is 14 percent of the annual covered payroll. For fiscal year 1998, 9.79 percent was the portion used to fund pension obligations. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$183,726, \$213,353, and \$194,776, respectively. 34% has been contributed for the fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$122,676 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

The District also contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East 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, 1997, 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 required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$736,382, \$662,366, and \$635,928, respectively. 84% has been contributed for the fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$120,400 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1998

11. Post Employment 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 obligations 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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. The balance in the Health Care Reserve Fund at year end was \$2.156 million. For the fiscal year ended June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 and net health care costs paid by STRS were \$219,224,000.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, 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, increased 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 1998, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution provides for maintenance of the asset target level for the health care fund. For the fiscal year ended June 30, 1998 (the latest information available), net health care costs paid by SERS were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment as of June 30, 1998 by the Retirement System were \$160.3 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000. The portion of the District's contributions that were used to fund postemployment benefits was \$115,508.

12. Segment Information for Enterprise Funds

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

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

12. Segment Information for Enterprise Funds (Continued)

	Food Service	School Supplies	Total
Operating Revenues	\$293,809	\$6,990	\$300,799
Operating Expenses	456,001	6,867	462,898
Operating Income(Loss)	(162,222)	123	(162,099)
Nonoperating Revenues	203,819	-	203,819
Net Income (Loss)	41,597	123	41,720
Net Working Capital	27,993	2,906	30,899
Total Assets	140,309	2,906	143,215
Total Equity	82,551	2,906	85,457
Depreciation Expense	6,908	-	6,908

13. Jointly Governed Organization

The District is a member of the Tri-County Computer Service Association (TCSSA), a jointly governed organization which provides computer services to the school districts within the boundaries of Wayne, Holmes, and Ashland Counties. Each District's superintendent serves as a representative on the Board which consists of approximately 21 member districts. However, TCSSA is primarily governed by a five member executive Board which meets monthly to address any current issues.

14. Contingencies and Commitments

Grants

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

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 that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$3,812,844 of school foundation support.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

14. Contingencies and Commitments (Continued)

School Funding Decision (Continued)

Since the Court's ruling, numerous pieces of legislation have been passed by the State Legislature in an attempted to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The state has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, 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 district's 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.

15. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

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 uses the state of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the 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.

Wayne, Holmes, and Stark Counties collect property taxes for distribution to the Southeast Local School District. These counties are responsible for remediating the tax collection system.

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

15. Year 2000 Issue (Continued) _____

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business with will be year 2000 ready.

16. Set – Aside Requirements

	Textbooks	Capital Acquisition	Budget Stabilization	Total
Set-aside Cash Balance as of June 30, 1998	\$ -	\$ -	\$ 55,070	\$ 55,070
Current Year Set-aside Requirement	63,384	63,384	68,861	195,629
Qualifying Disbursements	<u>63,384</u>	<u>63,384</u>	<u>-</u>	<u>126,768</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$123,931</u>	<u>\$123,931</u>
Cash Balance Carried Forward to FY 2000				<u>\$123,931</u>

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

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

<u>Federal Grantor/ Sub-Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through Ohio Department of Education			
Title 1	84.010	050583 C1 - S1 98 050583 C1 - S1 98C 050583 C1- S1 99	\$ 1,123,052 113,983 1,143,122
Total Title 1			
Title VI - B	84.027	050583 6B - SF 98P 050583 6B - SF 99P	\$ 91,800 97,768
Total Title-VI-B			
Titel VI	84.298	050583 C2 - S1 97 050583 C2 - S1 98 050583 C2 - S1 99	\$ 5,667 5,667 5,667
Total Title VI			
Dwight D. Eisenhower Grant	84.281	050583 MS - S1 97 050583 MS - S1 98	\$ 18,904 20,993
Total Dwight D. Eisenhower Grant			
Goals 2000 Grant	84.276	050583 G2-S2 99	\$ 10,000
Total U.S. Department of Education			

<u>Balance</u> <u>7/1/98</u>	<u>Federal</u> <u>Receipts</u>	<u>Federal</u> <u>Disbursements</u>	<u>Other</u> <u>Souces</u> <u>(Uses)</u>	<u>Balance</u> <u>6/30/99</u>
\$ 2,018	\$ 362,347	\$ 344,365	\$ (20,000)	\$ -
-	113,983	113,983	-	-
-	914,497	735,846	-	178,651
<u>2,018</u>	<u>1,390,827</u>	<u>1,194,194</u>	<u>(20,000)</u>	<u>178,651</u>
12,439	34,260	46,699	-	-
-	58,660	51,518	-	7,142
<u>12,439</u>	<u>92,920</u>	<u>98,217</u>	<u>-</u>	<u>7,142</u>
836	-	836	-	-
6,312	-	6,312	-	-
-	6,515	6,515	-	-
<u>7,148</u>	<u>6,515</u>	<u>13,663</u>	<u>-</u>	<u>-</u>
2,617	-	2,617	-	-
-	20,993	20,993	-	-
<u>2,617</u>	<u>20,993</u>	<u>23,610</u>	<u>-</u>	<u>-</u>
-	10,000	-	-	10,000
<u>24,222</u>	<u>1,521,255</u>	<u>1,329,684</u>	<u>(20,000)</u>	<u>195,793</u>

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1997

(Continued)

<u>Federal Grantor/ Sub-Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through Ohio Department of Agriculture			
National School Lunch Program (C)	10.555	-	-
Food Distribution Program (B)	10.550	-	-
Total U.S. Department of Agriculture			

Total Federal Financial Assistance (A)

- (A) Schedule is presented on the cash basis of accounting. Federal financial assistance is determined to be on the first-in, first-out basis.
- (B) The dollar amounts reflected are market values assigned by the District for commodities.
- (C) Federal funds were commingled with other revenues, assuming a first-in, first-out (FIFO) basis, all school lunch program receipts would have been expended during the same fiscal period.

<u>Balance</u> <u>7/1/98</u>	<u>Federal</u> <u>Receipts</u>	<u>Federal</u> <u>Disbursements</u>	<u>Other</u> <u>Souces</u> <u>(Uses)</u>	<u>Balance</u> <u>6/30/99</u>
-	134,956	134,956	-	-
<u>8,905</u>	<u>36,029</u>	<u>35,836</u>	<u>-</u>	<u>9,098</u>
<u>8,905</u>	<u>170,985</u>	<u>170,792</u>	<u>-</u>	<u>9,098</u>
<u>\$ 33,127</u>	<u>\$ 1,692,240</u>	<u>\$ 1,500,476</u>	<u>\$ (20,000)</u>	<u>\$ 204,891</u>

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

STATUS OF PRIOR AUDIT CITATIONS AND RECOMMENDATIONS

The prior audit report for the period ending June 30, 1998 included various citations and recommendations. Each of these citations and recommendations have either been satisfied or corrected, or are reflected in the appropriate section of this report. Such citations and recommendations are denoted by an asterisk.

Guillan & Company

CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Southeast Local School District
Apple Creek, Ohio 44606

We have audited the financial statements of the Southeast Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated January 13, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

**Southeast Local School District
Wayne County**

A material weakness is a condition in which the design or operation of one or more in 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 also noted other matters involving the internal control over financial reporting and its operation that we have reported to management in a separate letter dated January 13, 2000.

This report is intended for the information and use of management, federal awarding agencies, and the Auditor of State and is not intended to be used by anyone other than these specified parties.

William L. Company

January 13, 2000

Guilan & Company

CERTIFIED PUBLIC ACCOUNTANT

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

Board of Education
Southeast Local School District
Apple Creek, Ohio 44606

Compliance

We have audited the compliance of the Southeast Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 Southeast Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Southeast Local School District
Wayne County**

Internal Control Over Compliance

The management of the Southeast Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 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 in 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 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 management, federal awarding agencies, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Quillan & Company

January 13, 2000

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Southeast Local School District.
2. One reportable condition was disclosed during the audit of the financial statements of the Southeast Local School District.
3. No instances of noncompliance material to the financial statements of the Southeast Local School District were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Southeast Local School District expresses an unqualified opinion.
6. No audit findings relative to the major programs for the Southeast Local School District were disclosed during the audit.
7. The programs tested as major included: Title I (84.010).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Southeast Local School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

99-1 Fixed Assets *

During testing it was noted that identification numbers were not always present on actual items listed in the inventory report. This could lead to items being lost or stolen, and not being noticed in a timely manner. We strongly recommend that identification numbers be placed on fixed assets to improve the District's ability to accurately monitor its property.

**Southeast Local School District
Wayne County**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

SOUTHEAST LOCAL SCHOOL DISTRICT
WAYNE COUNTY

GENERAL COMMENTS

The report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on January 13, 2000:

John Tooley	Superintendent
Eric Koehler	Treasurer

These officials were informed that they had five working days for the Auditor of State and sixty days for the federal government from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

School District personnel were very cooperative and available for questions and assistance during regular working hours.



STATE OF OHIO
OFFICE OF THE AUDITOR

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SOUTHEAST LOCAL SCHOOL DISTRICT

WAYNE 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.

By: Susan Babbitt

Date: FEBRUARY 17, 2000