



**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**SINGLE AUDIT**

**JULY 1, 1999 THROUGH JUNE 30, 2000**



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

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**STATE OF OHIO**



**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups - As of June 30, 2000 .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund - For the Fiscal Year Ended June 30, 2000 .....	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (NON-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund - For the Fiscal Year Ended June 30, 2000 .....	8
Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type - For the Fiscal Year Ended June 30, 2000 .....	10
Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (NON-GAAP Basis) and Actual - Proprietary Fund Type - For the Fiscal Year Ended June 30, 2000 .....	11
Statement of Cash Flows - Proprietary Fund Type - For the Fiscal Year Ended June 30, 2000 .....	12
Notes to Financial Statements .....	13
Schedule of Federal Award Expenditures For the Fiscal Year Ended June 30, 2000 .....	35
Notes to Schedule of Federal Awards Expenditures .....	36
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	37
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i> .....	39
Schedule of Findings .....	41
Schedule of Prior Year Findings .....	42

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Champaign County  
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### Report of Independent Accountants

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Triad Local School District, Champaign County, ("the District") as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Triad Local School District, Champaign County, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund type 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 November 14, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**JIM PETRO**  
Auditor of State

November 14, 2000

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Triad Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000

	Governmental fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 854,547	\$ 179,234	\$ 96,646	\$ 438,116
Investments				3,194,000
Receivables :				
Property Taxes	1,750,599	50,628	287,709	
Income Taxes	287,710			
Accounts	32,698	9,039	4,056	
Intergovernmental -State	1,893			
Intergovernmental -Federal				
Interfund	798			
Accrued Interest				34,512
Inventory				
Prepaid items	23,892			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	113,703			
Fixed Assets(Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Long-Term Debt				
Amount to be Provided for Retirement of General Long-Term Debt				
<b>Total Assets and Other Debits</b>	<u>3,065,840</u>	<u>238,901</u>	<u>388,411</u>	<u>3,666,628</u>
 <b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities:</b>				
Accounts payable	39,769	15,040		
Contracts payable				32,366
Accrued Wages payable	437,835			
Intergovernmental payable	164,571			
Interfund payable				
Due to students				
Deferred revenue	1,637,286	50,628	264,835	
Compensated Absences Payable				
Capital Leases Payable				
Loans Payable				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>2,279,461</u>	<u>65,668</u>	<u>264,835</u>	<u>32,366</u>
 <b>Fund Equity &amp; Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Property Taxes	113,313		22,874	
Reserved for Budget Stabilization	113,703			
Reserved for Encumbrances	30,351	20,281		4,600
Reserved for Prepaid items	23,892			
Unreserved	505,120	152,952	100,702	3,629,662
<b>Total Fund Equity and Other Credits</b>	<u>786,379</u>	<u>173,233</u>	<u>123,576</u>	<u>3,634,262</u>
 <b>Total Liabilities, Fund Equity and Other Credits</b>	 <u>3,065,840</u>	 <u>238,901</u>	 <u>388,411</u>	 <u>3,666,628</u>

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



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 65,263	\$ 41,347			\$ 1,675,153
				3,194,000
				2,088,936
				287,710
	8,821			54,614
182				2,075
4,970				4,970
				798
41	76			34,629
3,957				3,957
1,368				25,260
				113,703
38,197		4,270,378		4,308,575
			123,576	123,576
			3,940,648	3,940,648
<u>113,978</u>	<u>50,244</u>	<u>4,270,378</u>	<u>4,064,224</u>	<u>15,858,604</u>
124	334			55,267
				32,366
14,356				452,191
22,173				186,744
	798			798
	41,912			41,912
2,719				1,955,468
10,549			369,239	379,788
			58,503	58,503
			377,397	377,397
			25,100	25,100
			3,233,985	3,233,985
<u>49,921</u>	<u>43,044</u>	<u>0</u>	<u>4,064,224</u>	<u>6,799,519</u>
		4,270,378		4,270,378
25,070				25,070
38,987				38,987
				136,187
				113,703
				55,232
				23,892
	7,200			4,395,636
<u>64,057</u>	<u>7,200</u>	<u>4,270,378</u>	<u>0</u>	<u>9,059,085</u>
<u>113,978</u>	<u>50,244</u>	<u>4,270,378</u>	<u>4,064,224</u>	<u>15,858,604</u>

Triad Local School District  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 for the Fiscal Year Ended June 30, 2000

	Governmental fund Types				Fiduciary Fund	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property Taxes	\$ 1,235,969	\$ 15,879	\$ 165,233			\$ 1,417,081
Income Taxes	869,397					869,397
Tuition & Fees	10,068					10,068
Interest	114,962			119,591	452	235,005
Sales	1,521	142,228				143,749
Other Local Revenue	43,192	7,378				50,570
Intergovernmental - State	3,710,669	25,688	15,093	569,492		4,320,942
Intergovernmental - Federal		430,604				430,604
Miscellaneous	143					143
<b>Total Revenues</b>	<b>5,985,921</b>	<b>621,777</b>	<b>180,326</b>	<b>689,083</b>	<b>452</b>	<b>7,477,559</b>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	2,689,108	173,586		11,468	1,500	2,875,662
Special	431,328	65,982				497,310
Vocational	120,052					120,052
Other	3,793					3,793
Support Services:						
Pupils	280,588	58,125				338,713
Instructional Staff	195,486	41,195				236,681
Board of Education	24,023					24,023
Administration	615,194	64,215				679,409
Fiscal	226,093	394	3,640			230,127
Maintenance & Operations	449,691	950		6,794		457,435
Pupil Transportation	375,219					375,219
Central	79,376	7,728				87,104
Non Instructional Services	(7,842)			285,715		277,873
Extracurricular Activities	158,016	84,622				242,638
Capital Outlay	149,048	212,234		96,237		457,519
Debt Service						
Principal Retirement	46,158		3,373,810			3,419,968
Interest & Fiscal Charges	7,409		120,834			128,243
<b>Total Expenditures</b>	<b>5,842,740</b>	<b>709,031</b>	<b>3,498,284</b>	<b>400,214</b>	<b>1,500</b>	<b>10,451,769</b>
Excess of Revenues Over (Under) Expenditures	143,181	(87,254)	(3,317,958)	288,869	(1,048)	(2,974,210)
Other Financing Sources (Uses)						
Proceeds from Sale of Fixed Assets	400					400
Proceeds from Notes			3,198,056	3,194,000		6,392,056
Operating Transfers In			165,234	23,620		188,854
Operating Transfers Out	(188,854)					(188,854)
<b>Total Other Financing Sources (Uses)</b>	<b>(188,454)</b>	<b>0</b>	<b>3,363,290</b>	<b>3,217,620</b>	<b>0</b>	<b>6,392,456</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(45,273)	(87,254)	45,332	3,506,489	(1,048)	3,418,246
Fund Balances at Beginning of Year	831,693	260,487	78,244	127,773	8,248	1,306,445
(Decrease) in Reserve for Prepaid items	(41)					(41)
<b>Fund Balances at End of Year</b>	<b>\$ 786,379</b>	<b>\$ 173,233</b>	<b>\$ 123,576</b>	<b>\$ 3,634,262</b>	<b>\$ 7,200</b>	<b>\$ 4,724,650</b>

Notes to the financial statements are an integral part of this statement.

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Triad Local School District  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund  
 for the Fiscal Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$ 1,419,503	\$ 1,216,012	\$ (203,491)	16,600	15,879	(721)
Income Taxes	853,100	853,003	(97)			
Tuition & Fees	8,100	4,910	(3,190)			
Interest	117,000	113,952	(3,048)			
Sales	1,600	1,521	(79)	156,522	142,041	(14,481)
Other Local Revenue	45,900	34,682	(11,218)	8,800	8,873	73
Intergovernmental - State	3,729,500	3,715,007	(14,493)	24,731	24,688	(43)
Intergovernmental - Federal				430,604	430,604	
Miscellaneous						
Total Revenues	<u>6,174,703</u>	<u>5,939,087</u>	<u>(235,616)</u>	<u>637,257</u>	<u>622,085</u>	<u>(15,172)</u>
Expenditures						
Current:						
Instruction:						
Regular	2,797,535	2,669,177	128,358	204,133	184,376	19,757
Special	480,785	430,135	50,650	84,391	76,928	7,463
Vocational	134,350	119,028	15,322			
Other	3,800	3,793	7			
Support Services:						
Pupils	326,250	277,108	49,142	59,130	58,268	862
Instructional Staff	205,050	187,046	18,004	45,867	41,286	4,581
Board of Education	29,950	25,282	4,668			
Administration	667,800	625,647	42,153	69,763	64,510	5,253
Fiscal	242,600	226,077	16,523	430	394	36
Maintenance & Operations	482,625	444,888	37,737	985	950	35
Pupil Transportation	393,575	363,351	30,224			
Central	82,735	79,727	3,008	17,570	8,078	9,492
Non Instructional Services	(5,500)	(6,270)	770			
Extracurricular Activities	179,925	154,486	25,439	90,613	83,665	6,948
Capital Outlay	183,825	166,647	17,178	244,471	223,045	21,426
Debt Service						
Principal Retirement	25,100	25,100				
Interest & Fiscal Charges	3,208	3,208				
Total Expenditures	<u>6,233,613</u>	<u>5,794,430</u>	<u>439,183</u>	<u>817,353</u>	<u>741,500</u>	<u>75,853</u>
Excess of Revenues Over (Under) Expenditures	<u>(58,910)</u>	<u>144,657</u>	<u>203,567</u>	<u>(180,096)</u>	<u>(119,415)</u>	<u>60,681</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Fixed Assets	500	400	(100)			
Proceeds from Notes						
Proceeds from Bonds						
Refund of Prior Year Expenditures	5,000	1,104	(3,896)			
Operating Transfers In	119,000		(119,000)			
Advances In						
Advances Out	(52,000)	(798)	(51,202)			
Transfers In						
Transfers Out	(200,000)	(188,855)	(11,145)			
Total Other Financing Sources (Uses)	<u>(127,500)</u>	<u>(188,149)</u>	<u>(185,343)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	<u>(186,410)</u>	<u>(43,492)</u>	<u>18,224</u>	<u>(180,096)</u>	<u>(119,415)</u>	<u>60,681</u>
Fund Balances at Beginning of Year	979,125	979,125		263,075	263,075	
Prior Year Encumbrances Appropriated	2,264	2,264		4,806	4,806	
Fund Balances at End of Year	<u>794,979</u>	<u>937,897</u>	<u>18,224</u>	<u>87,785</u>	<u>148,466</u>	<u>60,681</u>

Notes to the financial statements are an integral part of this statement.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 274,350	\$ 145,156	\$ (129,194)						
			85,500	85,079	421	500	443	(57)
16,405	15,093	(1,312)	592,143	569,492	22,651			
<u>290,755</u>	<u>160,249</u>	<u>(130,506)</u>	<u>677,643</u>	<u>654,571</u>	<u>23,072</u>	<u>500</u>	<u>443</u>	<u>(57)</u>
			19,806	18,447	1,359	3,250	1,500	1,750
5,212	3,640	1,572	17,340	14,794	2,546			
			481,000	257,949	223,051			
			188,116	182,696	5,420			
3,373,811	3,373,811							
121,450	120,834	616						
<u>3,500,473</u>	<u>3,498,285</u>	<u>2,188</u>	<u>706,262</u>	<u>473,886</u>	<u>232,376</u>	<u>3,250</u>	<u>1,500</u>	<u>1,750</u>
<u>(3,209,718)</u>	<u>(3,338,036)</u>	<u>(128,318)</u>	<u>(28,619)</u>	<u>180,685</u>	<u>209,304</u>	<u>(2,750)</u>	<u>(1,057)</u>	<u>1,693</u>
			3,194,000	3,194,000				
			49,492		(49,492)			
200,000	165,234	34,766	23,620	23,620				
<u>3,394,000</u>	<u>3,359,234</u>	<u>34,766</u>	<u>3,267,112</u>	<u>3,217,620</u>	<u>(49,492)</u>	<u>0</u>	<u>0</u>	<u>0</u>
184,282	21,198	(93,552)	3,238,493	3,398,305	159,812	(2,750)	(1,057)	1,693
75,447	75,447		224,651	224,651		8,181	8,181	
			4,560	4,560				
<u>\$259,729</u>	<u>\$96,645</u>	<u>(\$93,552)</u>	<u>\$3,467,704</u>	<u>\$3,627,516</u>	<u>\$159,812</u>	<u>\$5,431</u>	<u>\$7,124</u>	<u>\$1,693</u>

Triad Local School District  
 Combined Statement of Revenues, Expenses and Changes in Fund Equity  
 Proprietary Fund Type  
 for the Fiscal Year Ended June 30, 2000

	Enterprise
Operating Revenues:	
Sales	\$ 227,094
Total Operating Revenues	227,094
Expenses:	
Salaries & Wages	111,474
Fringe Benefits	39,803
Purchased Services	6,041
Supplies & Materials	130,066
Depreciation	4,100
Total Operating Expenses	291,484
Operating Gain (Loss)	(64,390)
Nonoperating Revenues	
Federal & State Subsidies	59,892
Interest Income	2,550
Total Nonoperating Revenues	62,442
Net Income	(1,948)
Retained Earnings at Beginning of Year	40,935
Retained Earnings at End of Year	38,987
Contributed Capital at Beginning of Year	25,070
Contributions from Other Funds	0
Contributed Capital at End of Year	25,070
Fund Equity at End of Year	\$ 64,057

Triad Local School District  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 Proprietary Fund Type  
 for the Fiscal Year Ended June 30, 2000

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Sales	\$ 229,100	\$ 227,094	\$ (2,006)
State Subsidy	1,500	1,359	(141)
Federal Subsidy	38,300	38,133	(167)
Total Revenues	<u>268,900</u>	<u>266,586</u>	<u>(2,314)</u>
Expenses:			
Salaries & Wages	109,510	109,461	49
Fringe Benefits	33,490	31,988	1,502
Purchased Services	6,350	5,971	379
Supplies & Materials	114,500	110,637	3863
Total Expenses	<u>263,850</u>	<u>258,057</u>	<u>5793</u>
Excess of Operating Revenues Over (Under) Operating Expenses	5,050	8,529	3,479
Nonoperating Revenue (Expense)			
Interest Income	2,970	2,509	(461)
Operating Transfers In			
Total Nonoperating Revenue (Expense)	<u>2,970</u>	<u>2,509</u>	<u>(461)</u>
Net Income	8,020	11,038	3,018
Fund Equity at Beginning of Year	<u>53,725</u>	<u>53,725</u>	<u>0</u>
Fund Equity at End of Year	<u><u>61,745</u></u>	<u><u>64,763</u></u>	<u><u>3,018</u></u>

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

Triad Local School District  
 Combined Statement of Cash Flows - Proprietary Fund Type  
 for the Fiscal Year Ended June 30, 2000

	Enterprise
Cash flows from operating activities :	
Cash received from sales	\$ 227,094
Cash payments for personal services	(141,449)
Cash payments for contract services	(5,971)
Cash payments for supplies and materials	(110,137)
Net cash provided (used) by operating activities	(30,463)
Cash flows from noncapital financing activities :	
Cash from Federal & State Subsidies	39,492
Net cash from noncapital financing activities	39,492
Cash flows from investing activities :	
Interest on cash and cash equivalents	2,509
Net cash from investing activities	2,509
Net increase in cash and cash equivalents :	11,538
Cash and cash equivalents at beginning of year	53,725
Cash and cash equivalents at end of year	65,263
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income (loss)	(64,390)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,100
Commodities expense related to noncash grant	20,441
Changes in assets and liabilities:	
Intergovernmental receivables	(199)
Interest receivable	(41)
Supplies inventory	(1,557)
Prepaid items	(401)
Accounts payable	70
Accrued wages and benefits	3,947
Intergovernmental payable	8,216
Deferred revenue	1,285
Compensated absences	(1,934)
Net cash provided (used) by operating activities	(30,463)

Notes to the financial statements are an integral part of this statement.



**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

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

The District is located in Champaign County, and includes all of the Villages of North Lewisburg, Mingo, Woodstock and Cable and portions of Zane, Union, Wayne, Rush and Allen Townships. The District is staffed by 41 non-certificated employees, 69 certificated full-time teaching personnel and 5 administrative employees who provide services to 1,050 students and other community members. The District currently operates 2 instructional buildings and 1 administrative building.

**A. Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Triad Local School 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.

The District is associated with three jointly governed organizations and an insurance purchasing pool. These organizations include the Ohio Hi-Point Joint Vocational School District, the Western Ohio Computer Organization, the Metropolitan Educational Council and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**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 expendable 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.

**1. 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 and trust 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.

**Special Revenue Funds**

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

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term 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 proprietary funds or trust funds.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**2. 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 is the District's proprietary fund type:

**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 (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3. 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 governmental units, and/or other funds. The District's fiduciary funds include expendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. Account Groups**

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

**B. Measurement Focus and Basis of Accounting**

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

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**B. Measurement Focus and Basis of Accounting**

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, 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: taxpayer-assessed income taxes, 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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**C. Budgetary Process (Continued)**

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 ensuing fiscal year starting July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are 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 Champaign County Budget Commission for rate determination.

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the 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 the fiscal year.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the 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, no supplemental appropriations were legally enacted.

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

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**C. Budgetary Process (Continued)**

**Encumbrances**

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

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. 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 Cash Equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on the open market.

The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations; bank certificates of deposit; banker's acceptances; commercial paper notes rated prime and issued by United States corporations; and STAROhio. 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 Fund during fiscal year 2000 amounted to \$114,962, which includes \$73,208 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**E. Interfund Assets/Liabilities**

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

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**F. Inventory**

Inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items. The Proprietary funds record a current asset for the prepaid amount and an expense is reported in the year in which services are consumed. The Governmental funds record an expenditure at the time of purchase, record a current asset for the prepaid amount which is equally offset by a fund balance reserve to indicate they do not represent available spendable resources.

**H. 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 Department of Education. The District in previous years was required to set restrict \$68,608 and was increased in fiscal year 2000 by the required \$45,095 for a total of \$113,703. A fund balance reserve has also been established.

**I. 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 enterprise funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of three hundred dollars. The District does not have any infrastructure.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of twenty years.

**J. 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 enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**J. Intergovernmental Revenues (Continued)**

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

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Program

Special Revenue Fund

Textbook Subsidy

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development  
Education Management Information Systems  
School Net Professional Development  
Ohio Reads  
Safe Schools  
Title I  
Title VI  
Title VI-B  
Title VI-R  
Drug-Free Schools  
Tech Equity  
Goals 2000 Proficiency Grant  
Raising the Bar

Capital Projects Funds

School Net  
Emergency Building Repair  
Classroom Facilities

Reimbursable Grants

General Fund

Driver Education

Enterprise Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately thirty-four percent of the District's governmental operating revenue during the fiscal year.

**K. Compensated Absences**

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



**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**K. Compensated Absences (Continued)**

Sick leave benefits are accrued as a liability using the vesting method. The liability 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. 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. The District records a liability for accumulated unused sick leave for employees after ten years of current service with the District.

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

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

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

Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise funds.

**M. Interfund Transactions**

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

**N. Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for budget stabilization, prepaid items and property taxes.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**O. Use of Estimates**

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

**P. Memorandum Only - Total Columns**

Total columns on the General Purpose 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental and Proprietary funds are as follows:

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

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>
Budget Basis	(\$ 43,492)	(\$ 119,415)	\$ 21,198	\$3,398,305
Adjustments (Net):				
Revenue Accruals	45,730	(308)	24,134	34,512
Expenditure Accruals	(48,309)	32,469		73,672
Interfund Transactions	<u>798</u>			
GAAP Basis	<u>(\$ 45,273)</u>	<u>(\$ 87,254)</u>	<u>\$ 45,332</u>	<u>\$3,506,489</u>

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING (Continued)**

	<b>Proprietary Fund Type Net Income(Loss)</b>	<b>Enterprise Fund</b>
Budget Basis	\$ 11,038	
Adjustments (Net):		
Revenue Accruals	( 727)	
Expenditure Accruals	<u>( 12,259)</u>	
GAAP Basis	<u><u>(\$ 1,948)</u></u>	

**4. DEPOSITS AND INVESTMENTS**

The Treasurer is responsible for selecting depositories and investing funds. State statutes classify monies held by the District into three categories. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer, by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities (see Note 2D).

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.

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$4,581,422 and the bank balance was \$4,678,494. Of the bank balance, \$263,703 was covered by federal depository insurance and \$ 4,414,791 was uninsured and uncollateralized.

**Investments:** The District's investments 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.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

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

**Investments: (Continued)**

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 investment with STAROhio, in the amount of \$401,434, is not required to be categorized due to its nature.

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

	Cash and Cash Equivalents	
	<u>Deposits</u>	<u>Investments</u>
GASB Statement 9	\$1,788,856	\$3,194,000
Investments of the Cash Management Pool:		
Certificate of Deposit	3,194,000	(3,194,000)
STAR Ohio	<u>(401,434)</u>	<u>401,434</u>
 GASB Statement 3	 <u>\$4,581,422</u>	 <u>\$401,434</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 April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five 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 eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true 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 twenty-five percent of true value. The assessed values upon which calendar year 2000 taxes are being collected are:

	Amount	Percent
Real Estate		
Residential/Agricultural	53,329,160	83.29%
Commercial	3,768,720	5.89%
Public Utility	4,159,600	6.50%
Tangible Personal Property	2,767,882	4.32%
Total Assessed Value	\$64,025,362	100.00%
Tax rate per \$1,000 of assessed valuation	\$36.90	

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.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. PROPERTY TAXES (Continued)**

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 Champaign, Union and Logan County. The 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, are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30. 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 year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

**6. INCOME TAX**

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**7. RECEIVABLES**

Receivables at June 30, 2000, consisted of both property and income taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund:	
Open Enrollment	1,593
Driver's Education	300
Enterprise Fund:	
National School Lunch	4,970
State School Lunch	182
Total Intergovernmental	\$ 7,045

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**8. FIXED ASSETS**

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

Furniture and Equipment	\$87,321
Less: Accumulated Depreciation	<u>(49,124)</u>
Net Fixed Assets	\$38,197

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

Asset Category	Balance at <u>6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/00</u>
Land and Improvements	\$ 427,363	\$ 0	0	\$427,363
Buildings and Improvements	1,636,880	208,228	0	1,845,108
Furniture, Fixtures and Equipment	1,068,506	239,940	57,865	1,250,581
Vehicles	747,326	0	0	747,326
Construction in Progress	<u>100,294</u>	<u>0</u>	<u>100,294</u>	<u>0</u>
Total General Fixed Assets	\$ 3,980,369	\$ 448,168	\$ 158,159	\$ 4,270,378

**9. RISK MANAGEMENT**

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

Building and Contents-replacement cost (\$1,000 deductible)	\$10,384,600
Inland Marine Coverage (\$100 deductible)	7,126
Boiler and Machinery (\$1,000 deductible)	5,191,300
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$100 deductible)	200,000
Data Processing (\$100 deductible)	61,210
General Liability	
Per occurrence	1,000,000
Total per Year	5,000,000

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

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool (Note 17). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. 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 Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program 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 Program.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

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 Program. Participation in the Program is limited to Districts that can meet the Program's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the Program.

**10. DEFINED BENEFIT PENSION PLANS**

**1. 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 benefits 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 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by statute. The adequacy of the contribution rate is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$111,419, \$98,079, and \$99,018, respectively, equal to the required contributions for each year.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information 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% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$425,584, \$389,595 and \$357,829, respectively equal to the required contributions for each year.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**11. 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 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.

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. The board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$243,191 during fiscal year 2000. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and eligible benefit recipients totaled 95,796.

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. The Board currently allocates employer contributions equal to 6.30% of covered payroll to fund health care benefits. For the District, this amount equaled \$ 50,138 during fiscal year 2000. 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. For the year ended June 30, 1999, the most recent year available, net health care costs paid by SERS were \$126,380,984, and eligible benefit recipients totaled approximately 51,000

**12. CAPITAL LEASES**

In prior years the District entered into a lease agreement for copiers. The terms of the lease provide options to purchase the equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$108,877, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2000 fiscal year totaled \$ 21,058.



**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**12. CAPITAL LEASES (Continued)**

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	Amount
2001	\$25,259
2002	25,259
2003	12,628
Total minimum lease payments	63,146
Less interest:	<u>(4,643)</u>
Present value of minimum lease payments	\$58,503

**13. LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/99	Additions	Deduction	Principal Outstanding 6/30/00
<u>General Long-Term Obligations:</u>				
Long-Term Bonds and Loans:				
Elementary Addition Bond 1976 6.25%	\$80,000	\$0	\$40,000	\$ 40,000
Energy Conservation Loan 1991 6.39%	50,200	0	25,100	25,100
Modular Construction Loan 1998 5.25%	98,314	0	22,725	75,589
Modular Construction Loan 1999 4.85%	118,893	0	21,581	97,312
Land Loan 1999 4.50%	300,000	0	95,504	204,496
School Facilities Construction 2000 5.67%	<u>0</u>	<u>3,193,98</u>	<u>0</u>	<u>3,193,985</u>
Total Long-Term Bonds and Loans	647,407	3,193,98	204,910	3,636,482
Other Long-Term Obligations:				
Capital Leases Payable	79,561	0	21,058	58,503
Compensated Absences	334,585	34,654	0	369,239
Total Other Long-Term Obligations	<u>414,416</u>	<u>34,654</u>	<u>21,058</u>	<u>427,742</u>
Total General Long-Term	\$1,061,553	\$3,228,6	\$225,968	\$4,064,224

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

Elementary School Addition - On August 1, 1976, Triad Local District issued \$922,000 in voted general obligation bonds for the purpose of an addition and improvement to the elementary school. The bonds were issued with a final maturity of December 1, 2000. The bonds will be retired from the debt service fund.

Energy Conservation Loan - On August 1, 1991, Triad Local District issued \$250,795 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a 10 year period with final maturity during fiscal year 2001. The loan will be retired from the general fund.

Modular Construction Loan - On March 25, 1998, the District entered into a bank loan in the amount of \$119,906 for the purpose of purchasing and constructing a modular classroom. The loan was issued for a 5 year period with final maturity during fiscal year 2003. The loan will be retired from the general fund.

Modular Construction Loan - On May 15, 1999, the District entered into a bank loan in the amount of \$118,893 for the purpose of purchasing and constructing two modular classrooms. The loan was issued for a 5 year period with final maturity during fiscal year 2004. The loan will be retired from the general fund.

School Facilities Construction – On March 23, 2000, the District issued \$3,193,985 in voted general obligation bonds for the purpose of building a new school. The bonds were issued with a final maturity of December 1, 2022. The bonds will be retired from the debt service fund.

The capital lease obligation will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid. The change in compensated absences is presented net because it is not practical to determine the actual increase and decrease.

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted legal debt margin of \$2,249,377 and an unvoted debt margin of \$64,025.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**13. LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	General Obligation	Energy Conservation	Construction	Land	
2001	272,665	26,704	55,234	109,200	232,388
2002	243,383		55,234	109,200	164,434
2003	254,474		55,234		55,234
2004	254,890		27,348		27,348
2005	254,969				254,969
2006	254,700				254,700
2007	254,074				254,074
2008	261,170				261,170
2009	261,170				261,170
2010	257,951				257,951
2011	256,385				256,385
2012	254,528				254,528
2013	252,343				252,343
2014	254,655				254,655
2015	256,323				256,323
2016	252,506				252,506
2017	253,198				253,198
2018	253,205				253,205
2019	252,516				252,516
2020	251,165				251,165
2021	253,998				253,998
2022	251,003				251,003
2023	252,166				252,166
Total	\$5,863,437	\$ 26,704	\$ 193,050	\$218,400	\$6,301,588

**14. NOTES PAYABLE**

The District issued a bond anticipation note in the amount of \$3,194,000 on January 14, 2000. The note was retired on June 1, 2000, using bond proceeds, with an interest rate of 5%.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of lunchroom and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Triad Local District as of and for the fiscal year ended June 30, 2000.

	Lunchroom	Uniform	Total
Operating Revenues	\$224,960	\$2,134	\$227,094
Depreciation Expense	4,100	0	4,100
Operating Income (Loss)	(64,311)	(79)	(64,390)
Federal and State Subsidies	59,892	0	59,892
Contributed Capital	25,070	0	25,070
Net Income(Loss)	(1,869)	(79)	(1,948)
Fixed Assets:			
Fixed Asset Additions	0	0	0
Net Working Capital	63,802	1,430	65,232
Total Assets	112,548	1,430	113,978
Total Equity	62,627	1,430	64,057

**16. JOINTLY GOVERNED ORGANIZATIONS**

Ohio Hi-Point Joint Vocational School - The Ohio Hi-Point Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellfontaine, Ohio 43311.

Western Ohio Computer Organization - The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public Districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. The governing board of WOCO consist of two representatives from each county elected by majority vote of all charter member Districts within each county plus one representative from the Shelby County Educational Service Center, the fiscal agent. Financial information can be obtained from Sonny Ivey, who serves as director, at 129 East Court Street, Sidney, Ohio 45365.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

Metropolitan Educational Council -The Metropolitan Educational Council (MEC) is a purchasing cooperative made up of nearly 124 Districts in 22 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, of other assessments as established by the MEC. The governing board of MEC consists of one voting representative from each member district. To obtain financial information, write to the Metropolitan Educational Council, Elmo Kallner, who serves as Director, 6100 Channingway Boulevard, Suite 604, Columbus, Ohio 43232.

**17. INSURANCE PURCHASING POOL**

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

**18. HOUSE BILL 412 SET-ASIDES**

House Bill 412 established set aside requirements for textbooks, capital acquisition, and budget stabilization. The base used for calculation includes general fund revenues received from taxes and state foundation. The textbooks and capital acquisition set aside requirements for fiscal year 2000 and beyond are set at 3% of the base. The budget stabilization set aside is 1% per year until a 5% of base cap is met.

The District is required, for the textbook and capital set asides, to spend an amount greater than or equal to the required amount or reserve fund balance for any unspent amount. The District had qualifying expenditures in excess of the requirements and therefore no reservation of fund balance is necessary. The budget stabilization set aside is described in Note 2H.

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

	<u>Textbook</u>	<u>Capital</u>	<u>Budget</u>	<u>Total</u>
Cash Balance as of June 30, 1999	\$0	\$0	\$68,608	\$68,608
Current Year Set-aside Requirement	137,660	137,660	45,095	367,094
Qualifying Disbursements	(273,700)	(165,497)	0	(439,197)
Current Year Offsets	(7)	(23,620)	0	(23,627)
Balance Carried Forward as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$113,703</u>	<u>\$113,703</u>

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**19. SCHOOL FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in 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, 2000, the District received \$3,514,427 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the 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..

**20. CONTINGENCIES**

**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, 2000.

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Agriculture</b>						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A	\$0	\$21,486	\$0	\$21,554
National School Lunch Program	10.555	04-PU	38,132	0	38,132	0
Total U.S. Department of Agriculture - Nutrition Cluster			\$38,132	\$21,486	\$38,132	\$21,554
<b>U.S. Department of Education</b>						
(Passed through Ohio Department of Education)						
Title I	84.010	C1-S1	97,721	0	103,612	0
Title VI-B - Education Handicapped Act	84.027	6B-SF	53,570	0	53,570	0
Preschool Disability Project (Spent on District behalf of Madison Champaign Educational Service Center)	84.173	PG-S1	3,240	0	3,240	0
Drug Free Education Grant	84.186	DR-S1	4,399	0	5,829	0
Goals 2000 - Administration	84.276	G2-S1	28,598	0	32,547	0
Title VI - Innovative Education Program	84.298	C2-S1	5,823	0	9,148	0
Tech Literacy Challenge Fund Grant	84.318	TF-34	225,000	0	308,955	0
Class Size Reduction Subsidy	84.340	CR-S1	15,493	0	10,957	0
Total U.S. Department of Education			433,844	0	527,858	0
Total Federal Financial Assistance			\$471,976	\$21,486	\$565,990	\$21,554

The accompanying notes to the Schedule of Federal Awards Expenditures are an integral part of this schedule

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

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

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B -- NUTRITION CLUSTER**

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

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Government contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.





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

Triad Local School District  
Champaign County  
7920 Brush Lake Road  
North Lewisburg, Ohio 43060

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Triad Local School District, Champaign County, ("the District") as of and for the year ended June 30, 2000, and have issued our report thereon dated November 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 14, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 14, 2000.

Board of Education Members  
Triad Local School District, Champaign County  
Report of Independent Accountant on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

November 14, 2000



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

Triad Local School District  
Champaign County  
7920 Brush Lake Road  
North Lewisburg, Ohio 43060

To the Board of Education:

**Compliance**

We have audited the compliance of Triad Local School District, Champaign County, ("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, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 14, 2000.

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

**JIM PETRO**  
Auditor of State

November 14, 2000

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

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

**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 Program (list):</b>	CFDA 84.318: Technology Literacy Challenge Fund Grants
<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>	No

**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

**TRIAD LOCAL SCHOOL DISTRICT  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
FOR THE YEAR ENDED JUNE 30, 2000**

Finding number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid:
1999-10311-001	Ohio Rev. Code Section 5705.41 (B), expended monies without appropriations	No	Partially Corrected; Citation reissued in the management letter



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**TRIAD LOCAL SCHOOL DISTRICT**

**CHAMPAIGN 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  
DECEMBER 12, 2000**