



**LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Logan-Hocking Local School District
Hocking County
57 South Walnut Street
Logan, Ohio 43138

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Logan-Hocking Local School District, Hocking County, Ohio (the School 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 School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Logan-Hocking Local School District, Hocking County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2000, on our consideration of the School 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 made for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 11, 2000

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LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$42,130	\$347,498	\$22,907	\$53,399
Investments	1,869,750	426,507	1,016,610	1,409,389
Receivables (net of allowance for doubtful accounts):				
Taxes	6,538,549	0	1,263,031	281,680
Accounts	8,710	110	0	0
Intergovernmental	4,800	100	0	0
Interest	26,312	0	0	0
Interfund Loans Receivable	326,000	0	0	0
Inventory of Supplies at Cost	107,825	0	0	0
Prepaid Items	48,994	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	586,596	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$9,559,666	\$774,215	\$2,302,548	\$1,744,468
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$40,588	\$107,823	\$0	\$1,718
Accrued Wages and Benefits	2,087,707	191,968	0	0
Interfund Loans Payable	0	112,000	0	190,000
Intergovernmental Payables	407,180	35,488	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Deferred Revenue - Taxes	5,874,049	0	1,124,916	250,988
Deferred Revenue	13,407	0	0	0
General Obligation Bonds Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Compensated Absences Payable	20,853	0	0	0
Total Liabilities	8,443,784	447,279	1,124,916	442,706
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	218,947	79,910	0	283,615
Statutory Reserves	586,596	0	0	0
Reserved for Inventory of Supplies	107,825	0	0	0
Reserved for Prepaid Items	48,994	0	0	0
Reserved for Property Taxes	506,540	0	112,712	25,047
Reserved for Debt Service	0	0	1,064,920	0
Unreserved:				
Undesignated	(353,020)	247,026	0	993,100
Total Equity and Other Credits	1,115,882	326,936	1,177,632	1,301,762
Total Liabilities, Equity and Other Credits	\$9,559,666	\$774,215	\$2,302,548	\$1,744,468

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

<i>Proprietary</i>		<i>Fiduciary</i>	<i>Account</i>		Totals (Memorandum Only)
<i>Fund Types</i>		<i>Fund Types</i>	<i>Groups</i>		
Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
\$45,858	\$12,473	\$47,518	\$0	\$0	\$571,783
0	351,490	171,254	0	0	5,245,000
0	0	0	0	0	8,083,260
10,711	0	60	0	0	19,591
70,658	0	0	0	0	75,558
0	0	0	0	0	26,312
0	0	0	0	0	326,000
14,885	0	0	0	0	122,710
0	0	0	0	0	48,994
0	0	0	0	0	586,596
136,606	0	0	28,113,373	0	28,249,979
0	0	0	0	1,064,920	1,064,920
0	0	0	0	10,101,589	10,101,589
<u>\$278,718</u>	<u>\$363,963</u>	<u>\$218,832</u>	<u>\$28,113,373</u>	<u>\$11,166,509</u>	<u>\$54,522,292</u>
\$7,264	\$0	\$0	\$0	\$0	\$157,393
62,377	0	0	0	0	2,342,052
24,000	0	0	0	0	326,000
30,006	0	0	0	219,732	692,406
0	0	37,790	0	0	37,790
0	0	5,869	0	0	5,869
0	0	0	0	0	7,249,953
3,611	0	0	0	0	17,018
0	0	0	0	9,035,441	9,035,441
0	0	0	0	285,697	285,697
0	0	0	0	28,824	28,824
25,532	0	0	0	1,596,815	1,643,200
<u>152,790</u>	<u>0</u>	<u>43,659</u>	<u>0</u>	<u>11,166,509</u>	<u>21,821,643</u>
0	0	0	28,113,373	0	28,113,373
125,928	363,963	0	0	0	489,891
0	0	0	0	0	582,472
0	0	0	0	0	586,596
0	0	0	0	0	107,825
0	0	0	0	0	48,994
0	0	0	0	0	644,299
0	0	0	0	0	1,064,920
0	0	175,173	0	0	1,062,279
<u>125,928</u>	<u>363,963</u>	<u>175,173</u>	<u>28,113,373</u>	<u>0</u>	<u>32,700,649</u>
<u>\$278,718</u>	<u>\$363,963</u>	<u>\$218,832</u>	<u>\$28,113,373</u>	<u>\$11,166,509</u>	<u>\$54,522,292</u>

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
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

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$6,133,962	\$0	\$1,226,815	\$272,892	\$0	\$7,633,669
Tuition	20,619	0	0	0	0	20,619
Investment Earnings	392,293	0	0	0	9,387	401,680
Extracurricular Activities	0	194,929	0	0	0	194,929
Intermediate Sources	0	108,117	0	0	0	108,117
Intergovernmental - State	13,010,160	755,760	130,401	63,298	0	13,959,619
Intergovernmental - Federal	0	1,445,305	0	0	0	1,445,305
All Other Revenues	12,326	35,307	0	760	22,706	71,099
Total Revenues	19,569,360	2,539,418	1,357,216	336,950	32,093	23,835,037
Expenditures:						
Current:						
Instruction	10,581,779	1,852,425	0	43,739	0	12,477,943
Supporting Services:						
Pupils	1,575,014	57,730	0	0	0	1,632,744
Instructional Staff	660,355	222,516	0	3,347	0	886,218
Board of Education	124,139	0	0	0	0	124,139
Administration	1,763,278	219,406	0	0	0	1,982,684
Fiscal Services	526,565	3,281	37,656	8,368	0	575,870
Operation and Maintenance of Plant	1,875,629	0	0	30,640	0	1,906,269
Pupil Transportation	1,449,585	2,423	0	273,660	0	1,725,668
Community Services	0	57,439	0	0	0	57,439
Extracurricular Activities	287,706	152,787	0	0	7,875	448,368
Capital Outlay	0	0	0	373,335	0	373,335
Debt Service:						
Principal Retirements	0	0	914,554	0	0	914,554
Interest and Fiscal Charges	0	0	332,639	0	0	332,639
Total Expenditures	18,844,050	2,568,007	1,284,849	733,089	7,875	23,437,870
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	725,310	(28,589)	72,367	(396,139)	24,218	397,167
Other Financing Sources (Uses):						
Refund of Prior Years' Expenditures	0	5,596	0	0	0	5,596
Operating Transfers In	0	0	0	439,411	0	439,411
Operating Transfers Out	(457,411)	0	0	0	0	(457,411)
Total Other Financing Sources (Uses)	(457,411)	5,596	0	439,411	0	(12,404)
Excess (Deficiency) of Revenues						
and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	267,899	(22,993)	72,367	43,272	24,218	384,763
Fund Balance Beginning of Year	811,321	349,929	1,105,265	1,258,490	150,955	3,675,960
Increase in Inventory Reserve	36,662	0	0	0	0	36,662
Fund Balance End of Year	\$1,115,882	\$326,936	\$1,177,632	\$1,301,762	\$175,173	\$4,097,385

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Local Sources:						
Taxes	\$6,175,000	\$6,187,073	\$12,073	\$0	\$0	\$0
Tuition	17,700	20,619	2,919	0	0	0
Investment Earnings	370,000	400,295	30,295	0	0	0
Extracurricular Activities	0	0	0	187,720	194,854	7,134
Intermediate Sources	0	0	0	194,030	108,867	(85,163)
Intergovernmental - State	12,836,624	13,005,360	168,736	757,475	755,760	(1,715)
Intergovernmental - Federal	0	0	0	1,324,127	1,445,305	121,178
All Other Revenues	11,600	12,165	565	33,560	35,307	1,747
Total Revenues	<u>19,410,924</u>	<u>19,625,512</u>	<u>214,588</u>	<u>2,496,912</u>	<u>2,540,093</u>	<u>43,181</u>
<u>Expenditures:</u>						
Current:						
Instruction	11,263,593	10,518,872	744,721	2,076,613	1,885,396	191,217
Supporting Services:						
Pupils	1,607,405	1,586,627	20,778	99,314	57,696	41,618
Instructional Staff	727,705	696,884	30,821	263,890	232,928	30,962
Board of Education	169,859	124,590	45,269	0	0	0
Administration	1,805,031	1,764,854	40,177	263,053	228,219	34,834
Fiscal Services	550,839	539,700	11,139	3,777	3,301	476
Operation and Maintenance of Plant	2,128,982	1,946,348	182,634	0	0	0
Pupil Transportation	1,515,717	1,435,291	80,426	2,654	2,423	231
Community Services	0	0	0	74,693	61,023	13,670
Extracurricular Activities	319,830	287,980	31,850	181,709	159,681	22,028
Other Expenditures	0	0	0	5,000	0	5,000
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>20,088,961</u>	<u>18,901,146</u>	<u>1,187,815</u>	<u>2,970,703</u>	<u>2,630,667</u>	<u>340,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(678,037)	724,366	1,402,403	(473,791)	(90,574)	383,217
<u>Other Financing Sources (Uses):</u>						
Refund of Prior Years' Expenditures	0	0	0	2,896	5,596	2,700
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(460,000)	(457,411)	2,589	0	0	0
Advances In	254,560	254,560	0	112,000	112,000	0
Advances Out	(326,000)	(326,000)	0	(9,442)	(9,442)	0
Total Other Financing Sources (Uses)	<u>(531,440)</u>	<u>(528,851)</u>	<u>2,589</u>	<u>105,454</u>	<u>108,154</u>	<u>2,700</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,209,477)	195,515	1,404,992	(368,337)	17,580	385,917
Fund Balance at Beginning of Year	1,659,534	1,659,534	0	476,583	476,583	0
Prior Year Encumbrances	383,892	383,892	0	92,000	92,000	0
Fund Balance at End of Year	<u>\$833,949</u>	<u>\$2,238,941</u>	<u>\$1,404,992</u>	<u>\$200,246</u>	<u>\$586,163</u>	<u>\$385,917</u>

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

(Continued)

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$1,238,000	\$1,240,385	\$2,385	\$275,000	\$275,641	\$641
Tuition	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Intermediate Sources	0	0	0	0	0	0
Intergovernmental - State	128,000	130,401	2,401	62,320	63,298	978
Intergovernmental - Federal	0	0	0	0	0	0
All Other Revenues	0	0	0	740	760	20
Total Revenues	<u>1,366,000</u>	<u>1,370,786</u>	<u>4,786</u>	<u>338,060</u>	<u>339,699</u>	<u>1,639</u>
Expenditures:						
Current:						
Instruction	0	0	0	46,069	46,043	26
Supporting Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	3,800	3,347	453
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal Services	46,000	37,656	8,344	8,400	8,368	32
Operation and Maintenance of Plant	0	0	0	49,911	49,809	102
Pupil Transportation	0	0	0	511,055	510,780	275
Community Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	424,803	399,557	25,246
Debt Service:						
Principal Retirement	914,554	914,554	0	0	0	0
Interest and Fiscal Charges	332,639	332,639	0	0	0	0
Total Expenditures	<u>1,293,193</u>	<u>1,284,849</u>	<u>8,344</u>	<u>1,044,038</u>	<u>1,017,904</u>	<u>26,134</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	72,807	85,937	13,130	(705,978)	(678,205)	27,773
Other Financing Sources (Uses):						
Refund of Prior Years' Expenditures	0	0	0	0	0	0
Operating Transfers In	0	0	0	439,411	439,411	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	190,000	190,000	0
Advances Out	0	0	0	(209,118)	(209,118)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>420,293</u>	<u>420,293</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	72,807	85,937	13,130	(285,685)	(257,912)	27,773
Fund Balance at Beginning of Year	953,580	953,580	0	1,091,036	1,091,036	0
Prior Year Encumbrances	0	0	0	344,331	344,331	0
Fund Balance at End of Year	<u>\$1,026,387</u>	<u>\$1,039,517</u>	<u>\$13,130</u>	<u>\$1,149,682</u>	<u>\$1,177,455</u>	<u>\$27,773</u>

(Continued)

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Local Sources:			
Taxes	\$7,688,000	\$7,703,099	\$15,099
Tuition	17,700	20,619	2,919
Investment Earnings	370,000	400,295	30,295
Extracurricular Activities	187,720	194,854	7,134
Intermediate Sources	194,030	108,867	(85,163)
Intergovernmental - State	13,784,419	13,954,819	170,400
Intergovernmental - Federal	1,324,127	1,445,305	121,178
All Other Revenues	45,900	48,232	2,332
Total Revenues	<u>23,611,896</u>	<u>23,876,090</u>	<u>264,194</u>
<u>Expenditures:</u>			
Current:			
Instruction	13,386,275	12,450,311	935,964
Supporting Services:			
Pupils	1,706,719	1,644,323	62,396
Instructional Staff	995,395	933,159	62,236
Board of Education	169,859	124,590	45,269
Administration	2,068,084	1,993,073	75,011
Fiscal Services	609,016	589,025	19,991
Operation and Maintenance of Plant	2,178,893	1,996,157	182,736
Pupil Transportation	2,029,426	1,948,494	80,932
Community Services	74,693	61,023	13,670
Extracurricular Activities	501,539	447,661	53,878
Other Expenditures	5,000	0	5,000
Capital Outlay	424,803	399,557	25,246
Debt Service:			
Principal Retirement	914,554	914,554	0
Interest and Fiscal Charges	332,639	332,639	0
Total Expenditures	<u>25,396,895</u>	<u>23,834,566</u>	<u>1,562,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,784,999)	41,524	1,826,523
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Years' Expenditures	2,896	5,596	2,700
Operating Transfers In	439,411	439,411	0
Operating Transfers Out	(460,000)	(457,411)	2,589
Advances In	556,560	556,560	0
Advances Out	(544,560)	(544,560)	0
Total Other Financing Sources (Uses)	<u>(5,693)</u>	<u>(404)</u>	<u>5,289</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,790,692)	41,120	1,831,812
Fund Balance at Beginning of Year	4,180,733	4,180,733	0
Prior Year Encumbrances	820,223	820,223	0
Fund Balance at End of Year	<u>\$3,210,264</u>	<u>\$5,042,076</u>	<u>\$1,831,812</u>

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Tuition and Fees	\$31,328	\$0	\$31,328
Sales	674,145	0	674,145
Total Operating Revenues	<u>705,473</u>	<u>0</u>	<u>705,473</u>
<u>Operating Expenses:</u>			
Salaries and Wages	337,117	0	337,117
Fringe Benefits	161,553	0	161,553
Contractual Services	26,450	901,343	927,793
Materials and Supplies	754,198	0	754,198
Depreciation	19,752	0	19,752
Other Operating Expenses	4,200	0	4,200
Total Operating Expenses	<u>1,303,270</u>	<u>901,343</u>	<u>2,204,613</u>
Operating Loss	(597,797)	(901,343)	(1,499,140)
<u>Non-Operating Revenues:</u>			
Operating Grants	503,948	902,861	1,406,809
Federally Donated Commodities	60,271	0	60,271
Miscellaneous	0	6,943	6,943
Investment Earnings	3,559	0	3,559
Total Non-Operating Revenues	<u>567,778</u>	<u>909,804</u>	<u>1,477,582</u>
Income (Loss) before Operating Transfers	(30,019)	8,461	(21,558)
<u>Operating Transfers:</u>			
Operating Transfers In	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Total Operating Transfers	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Net Income (Loss)	(12,019)	8,461	(3,558)
Retained Earnings at Beginning of Year	<u>137,947</u>	<u>355,502</u>	<u>493,449</u>
Retained Earnings at End of Year	<u>\$125,928</u>	<u>\$363,963</u>	<u>\$489,891</u>

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
Cash Flows from Operating Activities:			
Cash Received from Customers	\$664,809	\$6,943	\$671,752
Cash Received from Tuition and Fee Payments	31,477	0	31,477
Cash Payments for Goods and Services	(758,656)	(901,343)	(1,659,999)
Cash Payments to Employees for Services and Benefits	(489,252)	0	(489,252)
Net Cash Used by Operating Activities	<u>(551,622)</u>	<u>(894,400)</u>	<u>(1,446,022)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	515,669	902,861	1,418,530
Operating Transfers In	18,000	0	18,000
Advances In	24,000	0	24,000
Advances Out	(36,000)	0	(36,000)
Net Cash Provided by Noncapital Financing Activities	<u>521,669</u>	<u>902,861</u>	<u>1,424,530</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Equipment	(24,101)	0	(24,101)
Net Cash Used by Capital and Related Financing Activities	<u>(24,101)</u>	<u>0</u>	<u>(24,101)</u>
Cash Flows from Investing Activities:			
Receipt of Interest	3,559	0	3,559
Purchase of Investments	0	(6,614)	(6,614)
Net Cash Provided (Used) by Investing Activities	<u>3,559</u>	<u>(6,614)</u>	<u>(3,055)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(50,495)	1,847	(48,648)
Cash and Cash Equivalents at Beginning of Year	96,353	10,626	106,979
Cash and Cash Equivalents at End of Year	<u>\$45,858</u>	<u>\$12,473</u>	<u>\$58,331</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	(\$597,797)	(\$901,343)	(\$1,499,140)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Miscellaneous Non-operating Revenue	0	6,943	6,943
Depreciation Expense	19,752	0	19,752
Donated Commodities Used During the Year	60,271	0	60,271
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(9,187)	0	(9,187)
Decrease in Inventory	487	0	487
Decrease in Accounts Payable	(33,801)	0	(33,801)
Increase in Accrued Wages and Benefits	5,886	0	5,886
Increase in Intergovernmental Payables	3,559	0	3,559
Decrease in Deferred Revenue	(765)	0	(765)
Decrease in Compensated Absences	(27)	0	(27)
Total Adjustments	<u>46,175</u>	<u>6,943</u>	<u>53,118</u>
Net Cash Used by Operating Activities	<u><u>(\$551,622)</u></u>	<u><u>(\$894,400)</u></u>	<u><u>(\$1,446,022)</u></u>

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Logan Hocking Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 172 noncertified and approximately 263 certified teaching personnel and administrative employees providing education to 4,078 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Southeastern Ohio Voluntary Educational Cooperative (SEOVEC), a jointly governed organization which provides computer service to thirty-five (35) class "C" sites in a ten (10) county area. The District is a participant in two other jointly governed organizations, the Tri-County Joint Vocational School District and the Coalition of Rural and Appalachian Schools. See Note 17, "Jointly Governed Organizations." The District is also a participant in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool, see Note 18. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types and account groups are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

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

Special Revenue Funds - These 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. For GAAP reporting purposes, unrestricted money of the District is reflected in the General Fund and money restricted for the operation of the Local School District is reflected in the Local School District Special Revenue Fund.

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings (net total assets).

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body 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.

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund and agency funds. The expendable trust fund is accounted for and reported similarly to a governmental fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District, other than those accounted for in the proprietary funds.

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

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 2000, and which are not intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**C. Basis of Accounting (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. 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 appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board 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 the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. 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 appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$267,899	(\$22,993)	\$72,367	\$43,272
Increase (Decrease):				
Accrued Revenues at June 30, 2000, received during FY 2001	(1,016,915)	(210)	(138,115)	(30,692)
Accrued Revenues at June 30, 1999, received during FY 2000	1,002,982	821	151,685	33,441
Accrued Expenditures at June 30, 2000, paid during FY 2001	2,556,328	447,279	0	191,718
Accrued Expenditures at June 30, 1999, paid during FY 2000	(2,337,785)	(219,475)	0	(210,318)
FY 1999 Prepays for FY 2000	31,535	0	0	0
FY 2000 Prepays for FY 2001	(48,994)	0	0	0
Encumbrances Outstanding	(259,535)	(187,842)	0	(285,333)
Budget Basis	<u>\$195,515</u>	<u>\$17,580</u>	<u>\$85,937</u>	<u>(\$257,912)</u>

E. Cash and Cash Equivalents

During fiscal year 2000, cash and cash equivalents included amounts in demand deposits, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 3, "Cash, Cash Equivalents and Investments."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost. See Note 3, "Cash, Cash Equivalents and Investments."

The District has invested funds in the STAR Ohio during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$392,293, which includes \$239,228 assigned from other District funds.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

General fixed asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Machinery, Equipment, Furniture and Fixtures	5-20

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Bond Retirement Fund
Installment Loans	General Obligation Bond Retirement Fund
Capital Leases	General Fund
Compensated Absences	General Fund, Food Services Fund
Intergovernmental Payable	General Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 280 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 60 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Operating Transfers In” by the recipient fund, and “Operating Transfers Out” by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Restricted Assets

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

N. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, prepaid items, budget stabilization and encumbered amounts which have not been accrued at year end. The reserve for budget stabilization is required by State statute for a refund from the Bureau of Workers' Compensation.

O. Total Columns on Combined Financial Statements - Overview

Total columns on the “Combined Financial Statements-Overview” are captioned “Memorandum Only” to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at June 30, 2000 of \$43,299 in the Other Grant Fund, \$10,523 in the M.I.S. Fund, \$2,006 in the D.P.I.A. Fund, \$31,694 in the Ohio Reads Fund, \$19,753 in the Chapter I Fund (special revenue funds) and \$50,000 in the Emergency School Building Repair Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the cash basis of accounting. The fund deficit at June 30, 2000 of \$10,183 in the Uniform School Supplies Fund (enterprise fund) arose from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. A deficit does not exist under the cash basis of accounting.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as 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.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

A. Deposits

At year end the carrying amount of the District's deposits was \$3,597,785 and the bank balance was \$4,045,735. The Federal Deposit Insurance Corporation (FDIC) covered \$400,000 of the bank balance and all remaining deposits were classified as Category 3.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2000 are summarized below:

	<u>Category 2</u>	<u>Fair Value</u>
Categorized Investments		
Repurchase Agreements	\$275,130	\$275,130
U.S. Government Securities	1,200,000	1,200,000
Total Categorized Investments	<u>1,475,130</u>	<u>1,475,130</u>
Noncategorized Investments		
STAR Ohio	N/A	1,330,464
Total Investments	<u>\$1,475,130</u>	<u>\$2,805,594</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash	
	<u>Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$1,158,379	\$5,245,000
Certificates of Deposit (with maturities of more than 3 months)	4,045,000	(4,045,000)
Investments:		
Repurchase Agreements	(275,130)	275,130
STAR Ohio	(1,330,464)	1,330,464
Per GASB Statement No. 3	<u>\$3,597,785</u>	<u>\$2,805,594</u>

NOTE 4 - TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1998. A statistical update will be completed in 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2000, upon which the 1999 levies were based, were as follows:

	1999 Second Half Collections	2000 First Half Collections
Agricultural/Residential and Other Real Estate	\$225,897,550	\$231,860,880
Public Utility Personal	41,278,410	44,572,150
Tangible Personal Property	<u>28,090,617</u>	<u>27,112,651</u>
Total Assessed Value	<u>\$295,266,577</u>	<u>\$303,545,681</u>
Tax rate per \$1,000 of assessed valuation	\$34.40	\$34.40

NOTE 5 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, interest, accounts receivable, interfund loans receivables and intergovernmental receivables.

NOTE 6 - INTERFUND BALANCES

Individual interfund loans receivable and loans payable balances at June 30, 2000, are as follows:

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$326,000	\$0
Special Revenue Funds:		
Other Grant Fund	0	70,000
M.I.S. Fund	0	11,000
Ohio Reads Fund	0	31,000
Total Special Revenue Funds	0	112,000
Capital Projects Funds:		
Permanent Improvement Fund	0	140,000
Emergency School Repair Fund	0	50,000
Total Capital Projects Funds	0	190,000
Enterprise Fund:		
Uniform School Supplies Fund	0	24,000
Totals	<u>\$326,000</u>	<u>\$326,000</u>

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for the year ended June 30, 2000:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$457,411
Capital Projects Fund:		
Permanent Improvement Fund	439,411	0
Enterprise Fund:		
Uniform School Supplies Fund	18,000	0
Total All Funds	<u>\$457,411</u>	<u>\$457,411</u>

NOTE 8 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 2000:

<u>Class</u>	<u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2000</u>
Land	\$2,763,750	\$14,000	\$0	\$2,777,750
Buildings	16,350,850	626,561	0	16,977,411
Infrastructure	28,628	0	0	28,628
Machinery and Equipment	5,885,112	521,367	(18,976)	6,387,503
Vehicles	1,841,047	289,465	(188,431)	1,942,081
Construction in Progress	233,239	680,983	(914,222)	0
Totals	<u>\$27,102,626</u>	<u>\$2,132,376</u>	<u>(\$1,121,629)</u>	<u>\$28,113,373</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 2000:

<u>Category</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Machinery and Equipment	\$553,349	(\$416,743)	\$136,606
Total Property, Plant and Equipment	<u>\$553,349</u>	<u>(\$416,743)</u>	<u>\$136,606</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor 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. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2000, 5.5% was allocated to fund the pension benefit and 8.5% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$481,602, \$473,916, and \$439,674, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more 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% of the premium. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 2000 was 8.5%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$344,317.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 51,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. Net assets available for payment of benefits at June 30, 1999 was \$188.0 million.

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2000, 6% was allocated to fund the pension benefit and 8% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$1,457,208, \$1,384,848, and \$1,376,664, respectively, which were equal to the required contributions for each year.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 2% of covered payroll, to a Health Care Reserve Fund. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund, which amounted to \$854,913 for the District. The balance of the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2000, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$1,464,846	\$131,969	\$1,596,815

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

NOTE 11 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, installment loans, and compensated absences of the District for the year ended June 30, 2000 is as follows:

	Balance June 30, 1999	Issued (Retired)	Balance June 30, 2000
General Long-Term Debt:			
(General Obligation Bonds)			
Energy Conservation Project	\$229,000	(\$87,000)	\$142,000
Construction Bond - 1990	380,000	(380,000)	0
Construction Bond - 1993	7,702,410	(405,000)	7,297,410
	<u>8,311,410</u>	<u>(872,000)</u>	<u>7,439,410</u>
Interest Accretion	1,325,129	270,902	1,596,031
Total General Obligation Bonds	<u>9,636,539</u>	<u>(601,098)</u>	<u>9,035,441</u>
(Installment Loans)			
Energy Conservation Project	28,898	(5,570)	23,328
Energy Conservation Project	299,353	(36,984)	262,369
Total Installment Loans	<u>328,251</u>	<u>(42,554)</u>	<u>285,697</u>
Total General Long-Term Debt	<u>9,964,790</u>	<u>(643,652)</u>	<u>9,321,138</u>
Other General Long-Term Obligations:			
Intergovernmental Payable	197,310	22,422	219,732
Compensated Absences	1,554,458	42,357	1,596,815
Capital Leases	48,492	(19,668)	28,824
Total Other Long-Term Obligations	<u>1,800,260</u>	<u>45,111</u>	<u>1,845,371</u>
Total General Long-Term Debt and Other General Long-Term Obligations	<u>\$11,765,050</u>	<u>(\$598,541)</u>	<u>\$11,166,509</u>

A. Principal and Interest Requirements

The General Obligation Bonds-1993 Series consist of 2.5%-5.3% current interest bonds and 10.3% term capital appreciation bonds. In the case of the capital appreciation bonds, unearned accreted interest is included in the maturity amount outstanding.

NOTE 11 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements (Continued)

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2000, follows:

Years	General Obligation Bonds		Installment Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2001	\$928,000	\$272,081	\$44,729	\$13,069	\$972,729	\$285,150
2002	914,000	226,966	46,890	10,909	960,890	237,875
2003	900,000	182,265	49,154	8,644	949,154	190,909
2004	960,000	135,285	49,141	6,271	1,009,141	141,556
2005	1,025,000	84,155	46,768	4,001	1,071,768	88,156
2006-2010	2,134,188	3,659,565	49,015	1,753	2,183,203	3,661,318
2011-2013	578,222	3,106,778	0	0	578,222	3,106,778
Totals	<u>\$7,439,410</u>	<u>\$7,667,095</u>	<u>\$285,697</u>	<u>\$44,647</u>	<u>\$7,725,107</u>	<u>\$7,711,742</u>

B. Defeased Debt

In June 1993, the District defeased \$11,690,000 of General Obligation Bonds for construction through the issuance of \$9,682,410 of General Obligation Bonds for construction. The net proceeds of the 1993 bond have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$9,685,000 at June 30, 2000, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 12 - CAPITAL LEASE COMMITMENTS

The District is obligated under two leases accounted for as capital leases. The cost of the leased assets (copiers) is accounted for in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The original cost of the assets under capital lease was \$91,826.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2000:

Year Ending June 30,	Capital Leases
2001	\$20,902
2002	4,137
2003	4,137
2004	2,757
Minimum Lease Payments	31,933
Less: Amount representing interest at the District's incremental borrowing rate of interest	(3,109)
Present Value of minimum lease payments	<u>\$28,824</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. The key financial information for the year ended June 30, 2000 for these enterprise activities is as follows:

	<u>Food Services</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenues	\$674,145	\$31,328	\$705,473
Depreciation Expense	19,752	0	19,752
Operating Loss	(591,185)	(6,612)	(597,797)
Net Income (Loss)	(23,407)	11,388	(12,019)
Property, Plant and Equipment:			
Additions	24,101	0	24,101
Operating Grants	564,219	0	564,219
Total Assets	257,637	21,081	278,718
Net Working Capital	25,037	(10,183)	14,854
Total Equity (Deficit)	136,111	(10,183)	125,928

NOTE 14 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; injuries to employees and natural disasters. During fiscal year 2000 the District contracted with several different insurance providers for various insurance coverages, as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Nationwide Insurance Company	General Liability	\$0
Nationwide Insurance Company	Automobile	\$500
Wausau Insurance Company	Property, Boiler and Machinery	\$1,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$242,504	\$242,504
Current Year Set-Aside Requirement	437,236	437,236	145,745	1,020,217
Current Year Offset Credits	0	(744,031)	0	(744,031)
Qualifying Disbursements	(238,889)	(187,869)	0	(426,758)
Total	<u>\$198,347</u>	<u>(\$494,664)</u>	<u>\$388,249</u>	<u>\$91,932</u>
Cash Balance Carried Forward to FY 2001	<u>\$198,347</u>	<u>\$0</u>	<u>\$388,249</u>	<u>\$586,596</u>
Amount Restricted for Textbooks				198,347
Amount Restricted for Budget Stabilization				<u>388,249</u>
Total Restricted Assets				<u>\$586,596</u>

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The District's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 16 – CONTINGENCIES (Continued)

C. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$12,163,317 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 on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court 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 continue the case at least until June 15, 2001. As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to state statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information, write to: Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Tri-County Joint Vocational School District - The Tri-County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information, write to: Tri-County Joint Vocational School, Laura Carney, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Coalition of Rural and Appalachian Schools – The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District made no significant payments for membership in fiscal year 2000.

NOTE 18 – INSURANCE PURCHASING POOL

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"). This is a group rating plan as established under Section 4123.29 of the Ohio Revised Code. The Plan was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan'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 the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Pass-Through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A	\$ 0	\$ 64,183	\$ 0	\$ 60,271
School Breakfast Program	10.553	05-PU-99	28,810	0	28,810	0
		05-PU-00	64,047	0	64,047	0
Total School Breakfast Program			92,857	0	92,857	0
National School Lunch Program	10.555	03-PU-99	23,188	0	23,188	0
		04-PU-99	92,725	0	92,725	0
		03-PU-00	53,673	0	53,673	0
		04-PU-00	217,069	0	217,069	0
Total National School Lunch Program			386,655	0	386,655	0
Total Nutrition Cluster			479,512	0	479,512	0
Total U.S. Department of Agriculture			479,512	64,183	479,512	60,271
U.S. DEPARTMENT OF EDUCATION						
<i>Pass-Through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-S1-98	0	0	75,357	0
		C1-S1-99	73,493	0	92,128	0
		C1-S1-00	718,632	0	662,442	0
Total Title I Grants to Local Educational Agencies			792,125	0	829,927	0
Special Education Cluster:						
Special Education-Grants to States (IDEA Part B)	84.027	6B-SF-98	504	0	80,363	0
		6B-SF-99	188,372	0	158,495	0
Total Special Education-Grants to States			188,876	0	238,858	0
Special Education-Preschool Grants	84.173	PG-S1-99	12,593	0	1,038	0
		PG-S1-00	0	0	5,073	0
Total Special Education-Preschool Grants			12,593	0	6,111	0
Total Special Education Cluster			201,469	0	244,969	0
Safe and Drug-Free Schools and Communities- State Grants	84.186	DR-S1-99	0	0	10,876	0
		DR-S1-00	18,202	0	9,827	0
Total Safe and Drug-Free Schools and Communities-State Grants			18,202	0	20,703	0
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	G2-S1-99	0	0	63,726	0
		G2-S1-00	0	0	26,629	0
Total Goals 2000 - State and Local Education Systemic Improvement Grants			0	0	90,355	0
Eisenhower Professional Development State Grants	84.281	MS-S1-99	0	0	15,547	0
		MS-S1-00	20,818	0	7,967	0
Total Eisenhower Professional Development State Grants			20,818	0	23,514	0
Innovative Education Program Strategies	84.298	C2-S1-99	3,385	0	465	0
		C2-S1-00	24,297	0	24,297	0
Total Innovative Education Program Strategies			27,682	0	24,762	0
Technology Literacy Challenge Fund Grants	84.318	TF-31-98	0	0	47,410	0
		TF-32-99	100,000	0	100,000	0
		TF-33-99	62,500	0	58,955	0
		TF-34-99	62,500	0	1,929	0
		TF-SA-99	28,074	0	28,074	0
Total Technology Literacy Challenge Fund Grants			253,074	0	236,368	0
Reading Excellence Grant	84.338	RN-S2-00	58,686	0	0	0
Class Size Reduction Grant	84.340	CR-S1-00	106,014	0	82,980	0
Total U.S. Department of Education			1,478,070	0	1,553,578	0
Total Federal Awards Receipts and Expenditures			\$ 1,957,582	\$ 64,183	\$ 2,033,090	\$ 60,271

The Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Logan-Hocking Local School District
Hocking County
57 South Walnut Street
Logan, Ohio 43138

To the Board of Education:

We have audited the general purpose financial statements of the Logan-Hocking Local School District, Hocking County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 11, 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 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2000-10737-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated December 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School 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 the management of the School District in a separate letter dated December 11, 2000.

Logan-Hocking Local School District
Hocking County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 11, 2000



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Athens, Ohio 45701
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Logan-Hocking Local School District
Hocking County
57 South Walnut Street
Logan, Ohio 43138

To the Board of Education:

Compliance

We have audited the compliance of the Logan-Hocking Local School District, Hocking County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School 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 School District's management. Our responsibility is to express an opinion on the School 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 School 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 School District's compliance with those requirements.

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

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

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

Jim Petro
Auditor of State

December 11, 2000

**LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY**

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

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2000
(Continued)

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

Finding Number 2000-10737-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(b) states that no subdivision or taxing unit is to expend money unless it has been appropriated. This could result in the School District overspending available fund balances.

Actual disbursements exceeded appropriations at May 31, 2000, as follows:

Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund/Line-Item</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
School Account Network			
Support Services - Purchased Services	\$20,000	\$332,353	(\$312,353)

We recommend the School District adopt appropriation measures prior to expending funds and, in addition, review budgetary information on a regular basis to ensure that disbursements have not exceeded appropriations.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

**LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
1999-10737-001	A noncompliance citation was issued under Ohio Rev. Code § 5705.39 for allowing appropriations to exceed estimated resources in several funds.	No	Not Corrected - Not considered significant enough for the current audit report. However, it has been included in the management letter.
1999-10737-002	A material weakness was noted concerning inadequate support for fund raising activities.	No	Not Corrected - No longer considered significant. This has been included in the management letter.
1999-10737-003	A material weakness was noted concerning closeout analysis of fund raising activities.	No	Not Corrected - No longer considered significant. This has been included in the management letter.



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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 8, 2001**