



**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS 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-
800-441-
Facsimile 740-594-
www.auditor.state.o

REPORT OF INDEPENDENT ACCOUNTANTS

Meigs Local School District
Meigs County
320 East Main Street
P.O. Box 272
Pomeroy, Ohio 45769

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Meigs Local School District, Meigs 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 Meigs Local School District, Meigs County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 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 financial statements taken as a whole.

Jim Petro
Auditor of State

November 21, 2000

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**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity with Treasurer:				
Equity in Pooled Cash and Cash Equivalents	\$1,073,186	\$454,522	\$100,277	\$894,610
Investments	0	0	0	5,726,001
Segregated Accounts:				
Cash and Cash Equivalents	0	1,345	0	0
Investments	0	0	0	0
Receivables:				
Taxes	2,605,735	68,149	643,479	67,960
Accounts	11,524	4,634	0	0
Intergovernmental	1,169	10,829	0	1,000
Accrued Interest	0	0	0	10,997
Interfund	66,257	0	0	0
Due from Other Funds	106	0	0	0
Prepaid Items	27,645	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	87,131	893	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	226,508	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Bond Retirement Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$4,099,261	\$540,372	\$743,756	\$6,700,568

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$8,040	\$1,074,954	\$50,722	\$0	\$0	\$3,656,311
0	0	0	0	0	5,726,001
0		0	0	0	1,345
0	0	135,805	0	0	135,805
0	0	0	0	0	3,385,323
0	0	0	0	0	16,158
48,834	0	0	0	0	61,832
0	0	0	0	0	10,997
0	0	0	0	0	66,257
94	0	0	0	0	200
0	0	0	0	0	27,645
10,092	0	0	0	0	10,092
1,924	0	0	0	0	89,948
0	0	0	0	0	226,508
117,128	0	0	14,605,964	0	14,723,092
0	0	0	0	207,291	207,291
0	0	0	0	7,010,082	7,010,082
<u>\$186,112</u>	<u>\$1,074,954</u>	<u>\$186,527</u>	<u>\$14,605,964</u>	<u>\$7,217,373</u>	<u>\$35,354,887</u>

(continued)

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$28,822	\$31,766	\$0	\$505
Contracts Payable	0	0	0	204,535
Accrued Wages and Benefits Payable	1,193,819	253,306	0	0
Compensated Absences Payable	27,532	0	0	0
Interfund Payable	0	17,699	0	0
Due to Other Funds	0	200	0	0
Intergovernmental Payable	256,726	27,260	0	0
Deferred Revenue	2,063,891	54,603	536,465	54,493
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Special Termination Benefits Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,570,790	384,834	536,465	259,533
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	250,343	84,109	0	1,524,666
Reserved for Inventory	87,131	893	0	0
Reserved for Unclaimed Monies	663	0	0	0
Reserved for School Bus Purchases	92,074	0	0	0
Reserved for Property Taxes	510,747	12,769	100,872	12,612
Reserved for Budget Stabilization	134,434	0	0	0
Unreserved:				
Designated	4,067	0	0	0
Undesignated (Deficit)	(550,988)	57,767	106,419	4,903,757
Total Fund Equity and Other Credits	528,471	155,538	207,291	6,441,035
Total Liabilities, Fund Equity and Other Credits	\$4,099,261	\$540,372	\$743,756	\$6,700,568

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$0	\$0	\$0	\$0	\$0	\$61,093
0	0	0	0	0	204,535
69,759	0	0	0	0	1,516,884
14,043	0	0	0	742,665	784,240
48,558	0	0	0	0	66,257
0	0	0	0	0	200
17,784	0	0	0	103,725	405,495
4,423	0	0	0	0	2,713,875
0	0	45,599	0	0	45,599
0	294,742	0	0	0	294,742
0	0	0	0	17,483	17,483
0	0	0	0	627,500	627,500
0	0	0	0	5,726,000	5,726,000
<u>154,567</u>	<u>294,742</u>	<u>45,599</u>	<u>0</u>	<u>7,217,373</u>	<u>12,463,903</u>
0	0	0	14,605,964	0	14,605,964
106,923	0	0	0	0	106,923
(75,378)	780,212	0	0	0	704,834
0	0	0	0	0	1,859,118
0	0	0	0	0	88,024
0	0	0	0	0	663
0	0	0	0	0	92,074
0	0	0	0	0	637,000
0	0	0	0	0	134,434
0	0	0	0	0	4,067
0	0	140,928	0	0	4,657,883
<u>31,545</u>	<u>780,212</u>	<u>140,928</u>	<u>14,605,964</u>	<u>0</u>	<u>22,890,984</u>
<u>\$186,112</u>	<u>\$1,074,954</u>	<u>\$186,527</u>	<u>\$14,605,964</u>	<u>\$7,217,373</u>	<u>\$35,354,887</u>

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental		Fund Types	
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$2,000,370	\$40,126	\$425,779	\$147,622
Intergovernmental	9,586,686	2,298,849	21,998	842,997
Interest	125,656	0	11,782	259,929
Tuition and Fees	1,200	0	0	0
Extracurricular Activities	0	91,845	0	0
Decrease in Fair Value of Investments	0	0	0	0
Miscellaneous	19,454	54,725	0	916
Total Revenues	11,733,366	2,485,545	459,559	1,251,464
Expenditures:				
Current:				
Instruction:				
Regular	4,647,585	681,480	0	0
Special	1,141,115	777,600	0	0
Vocational	1,029,520	126,775	0	0
Other	20,770	0	0	0
Support Services:				
Pupils	222,459	256,113	0	0
Instructional Staff	86,154	330,606	0	0
Board of Education	36,798	0	0	0
Administration	1,605,893	261,974	0	0
Fiscal	320,906	8,079	7,772	0
Operation and Maintenance of Plant	1,103,571	46	0	0
Pupil Transportation	1,035,453	1,352	0	0
Extracurricular Activities	146,033	76,054	0	0
Refund of Property Taxes	7,310	0	0	1,828
Capital Outlay	4,442	0	0	967,280
Debt Service:				
Principal Retirement	0	0	75,000	0
Interest and Fiscal Charges	0	0	170,061	0
Total Expenditures	11,408,009	2,520,079	252,833	969,108
Excess of Revenues Over (Under) Expenditures	325,357	(34,534)	206,726	282,356
Other Financing Sources (Uses):				
Proceeds from Sale of Bonds	0	0	5,726,000	0
Proceeds from Sale of Fixed Assets	4,145	0	0	150
Operating Transfers In	0	0	0	5,820,300
Operating Transfers Out	(135,857)	0	(5,726,000)	0
Total Other Financing Sources (Uses)	(131,712)	0	0	5,820,450
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	193,645	(34,534)	206,726	6,102,806
Fund Balances at Beginning of Year	314,558	191,133	565	338,229
Increase (Decrease) in Reserve for Inventory	20,268	(1,061)	0	0
Fund Balances at End of Year	\$528,471	\$155,538	\$207,291	\$6,441,035

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$0	\$2,613,897
0	12,750,530
0	397,367
0	1,200
0	91,845
(11,051)	(11,051)
0	75,095
<u>(11,051)</u>	<u>15,918,883</u>
0	5,329,065
0	1,918,715
0	1,156,295
0	20,770
0	478,572
0	416,760
0	36,798
0	1,867,867
0	336,757
0	1,103,617
0	1,036,805
0	222,087
0	9,138
0	971,722
0	75,000
0	170,061
<u>0</u>	<u>15,150,029</u>
<u>(11,051)</u>	<u>768,854</u>
0	5,726,000
0	4,295
0	5,820,300
0	(5,861,857)
<u>0</u>	<u>5,688,738</u>
(11,051)	6,457,592
151,979	996,464
<u>0</u>	<u>19,207</u>
<u>\$140,928</u>	<u>\$7,473,263</u>

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$1,998,531	\$1,998,531	\$0
Intergovernmental	9,581,958	9,581,958	0
Interest	125,225	125,225	0
Tuition and Fees	6,470	6,470	0
Extracurricular Activities	0	0	0
Decrease in Fair Value of Investments	0	0	0
Miscellaneous	11,511	11,511	0
Total Revenues	11,723,695	11,723,695	0
Expenditures:			
Current:			
Instruction:			
Regular	4,749,742	4,749,742	0
Special	1,118,705	1,118,705	0
Vocational	1,041,909	1,041,909	0
Other	24,076	24,076	0
Support Services:			
Pupils	222,227	222,227	0
Instructional Staff	95,615	95,615	0
Board of Education	34,403	34,403	0
Administration	1,584,829	1,584,829	0
Fiscal	320,886	320,886	0
Operation and Maintenance of Plant	1,111,910	1,111,910	0
Pupil Transportation	1,077,342	1,077,342	0
Central	0	0	0
Extracurricular Activities	141,451	141,451	0
Capital Outlay	22,000	22,000	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	11,545,095	11,545,095	0
Excess of Revenues Over (Under) Expenditures	178,600	178,600	0
Other Financing Sources (Uses):			
Refund of Prior Year Receipts	(7,310)	(7,310)	0
Refund of Prior Year Expenditures	14,031	14,031	0
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Fixed Assets	4,145	4,145	0
Advances In	90,458	90,458	0
Advances Out	(63,594)	(63,594)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(135,857)	(135,857)	0
Total Other Financing Sources (Uses)	(98,127)	(98,127)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	80,473	80,473	0
Fund Balances at Beginning of Year	847,445	847,445	0
Prior Year Encumbrances Appropriated	95,516	95,516	0
Fund Balances at End of Year	\$1,023,434	\$1,023,434	\$0

See accompanying notes to the general purpose financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$26,579	\$26,579	\$0	\$318,765	\$318,765	\$0
2,401,520	2,401,520	0	21,998	21,998	0
0	0	0	11,782	11,782	0
0	0	0	0	0	0
90,500	90,500	0	0	0	0
0	0	0	0	0	0
49,550	49,550	0	0	0	0
<u>2,568,149</u>	<u>2,568,149</u>	<u>0</u>	<u>352,545</u>	<u>352,545</u>	<u>0</u>
686,193	686,193	0	0	0	0
786,222	786,222	0	0	0	0
190,086	190,086	0	0	0	0
0	0	0	0	0	0
252,424	252,424	0	0	0	0
325,605	325,605	0	0	0	0
0	0	0	0	0	0
265,625	265,625	0	0	0	0
8,079	8,079	0	7,772	7,772	0
46	46	0	0	0	0
1,401	1,401	0	0	0	0
0	0	0	0	0	0
78,145	78,145	0	0	0	0
0	0	0	0	0	0
0	0	0	5,801,000	5,801,000	0
0	0	0	170,061	170,061	0
<u>2,593,826</u>	<u>2,593,826</u>	<u>0</u>	<u>5,978,833</u>	<u>5,978,833</u>	<u>0</u>
<u>(25,677)</u>	<u>(25,677)</u>	<u>0</u>	<u>(5,626,288)</u>	<u>(5,626,288)</u>	<u>0</u>
0	0	0	0	0	0
3,837	3,837	0	0	0	0
0	0	0	0	0	0
0	0	0	5,726,000	5,726,000	0
0	0	0	0	0	0
15,036	15,036	0	0	0	0
(39,011)	(39,011)	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>(20,138)</u>	<u>(20,138)</u>	<u>0</u>	<u>5,726,000</u>	<u>5,726,000</u>	<u>0</u>
(45,815)	(45,815)	0	99,712	99,712	0
256,019	256,019	0	565	565	0
128,742	128,742	0	0	0	0
<u>\$338,946</u>	<u>\$338,946</u>	<u>\$0</u>	<u>\$100,277</u>	<u>\$100,277</u>	<u>\$0</u>

(continued)

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$269,156	\$269,156	\$0
Intergovernmental	841,997	841,997	0
Interest	248,932	248,932	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	916	916	0
Total Revenues	1,361,001	1,361,001	0
Expenditures:			
Current:			
Instruction:			
Regular	62,880	62,880	0
Special	0	0	0
Vocational	6,032	6,032	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	16,326	16,326	0
Board of Education	0	0	0
Administration	540	540	0
Fiscal	10,987	10,987	0
Operation and Maintenance of Plant	5,479	5,479	0
Pupil Transportation	24,977	24,977	0
Central	15,834	15,834	0
Extracurricular Activities	14,005	14,005	0
Capital Outlay	2,334,523	2,334,523	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	2,491,583	2,491,583	0
Excess of Revenues Over (Under) Expenditures	(1,130,582)	(1,130,582)	0
Other Financing Sources (Uses):			
Refund of Prior Year Receipts	(1,828)	(1,828)	0
Refund of Prior Year Expenditures	10,519	10,519	0
Proceeds from Sale of Notes	5,726,000	5,726,000	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Fixed Assets	150	150	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	94,300	94,300	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	5,829,141	5,829,141	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,698,559	4,698,559	0
Fund Balances at Beginning of Year	157,687	157,687	0
Prior Year Encumbrances Appropriated	38,890	38,890	0
Fund Balances at End of Year	\$4,895,136	\$4,895,136	\$0

See accompanying notes to the general purpose financial statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,613,031	\$2,613,031	\$0
0	0	0	12,847,473	12,847,473	0
0	0	0	385,939	385,939	0
0	0	0	6,470	6,470	0
0	0	0	90,500	90,500	0
(10,952)	(10,952)	0	(10,952)	(10,952)	0
0	0	0	61,977	61,977	0
<u>(10,952)</u>	<u>(10,952)</u>	<u>0</u>	<u>15,994,438</u>	<u>15,994,438</u>	<u>0</u>
0	0	0	5,498,815	5,498,815	0
0	0	0	1,904,927	1,904,927	0
0	0	0	1,238,027	1,238,027	0
0	0	0	24,076	24,076	0
0	0	0	474,651	474,651	0
0	0	0	437,546	437,546	0
0	0	0	34,403	34,403	0
0	0	0	1,850,994	1,850,994	0
0	0	0	347,724	347,724	0
0	0	0	1,117,435	1,117,435	0
0	0	0	1,103,720	1,103,720	0
0	0	0	15,834	15,834	0
0	0	0	233,601	233,601	0
0	0	0	2,356,523	2,356,523	0
0	0	0	5,801,000	5,801,000	0
0	0	0	170,061	170,061	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>22,609,337</u>	<u>22,609,337</u>	<u>0</u>
<u>(10,952)</u>	<u>(10,952)</u>	<u>0</u>	<u>(6,614,899)</u>	<u>(6,614,899)</u>	<u>0</u>
0	0	0	(9,138)	(9,138)	0
0	0	0	28,387	28,387	0
0	0	0	5,726,000	5,726,000	0
0	0	0	5,726,000	5,726,000	0
0	0	0	4,295	4,295	0
0	0	0	105,494	105,494	0
0	0	0	(102,605)	(102,605)	0
0	0	0	94,300	94,300	0
0	0	0	(135,857)	(135,857)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>11,436,876</u>	<u>11,436,876</u>	<u>0</u>
(10,952)	(10,952)	0	4,821,977	4,821,977	0
151,880	151,880	0	1,413,596	1,413,596	0
0	0	0	263,148	263,148	0
<u>\$140,928</u>	<u>\$140,928</u>	<u>\$0</u>	<u>\$6,498,721</u>	<u>\$6,498,721</u>	<u>\$0</u>

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues:			
Sales	\$270,787	\$0	\$270,787
Charges for Services	1,869	2,209,448	2,211,317
Total Operating Revenues	272,656	2,209,448	2,482,104
Operating Expenses:			
Salaries	230,412	0	230,412
Fringe Benefits	210,314	0	210,314
Purchased Services	18,474	188,371	206,845
Materials and Supplies	33,679	0	33,679
Cost of Sales	347,434	0	347,434
Depreciation	10,934	0	10,934
Claims	0	1,996,321	1,996,321
Other	1,197	0	1,197
Total Operating Expenses	852,444	2,184,692	3,037,136
Operating Income (Loss)	(579,788)	24,756	(555,032)
Non-Operating Revenues:			
Federal Donated Commodities	48,914	0	48,914
Operating Grants	474,856	0	474,856
Total Non-Operating Revenues	523,770	0	523,770
Income (Loss) before Operating Transfers	(56,018)	24,756	(31,262)
Operating Transfers In	41,557	0	41,557
Net Income (Loss)	(14,461)	24,756	10,295
Retained Earnings (Deficit) at Beginning of Year - Restated Note 3	(60,917)	755,456	694,539
Retained Earnings (Deficit) at End of Year	(\$75,378)	\$780,212	\$704,834

See accompanying notes to the general purpose financial statements.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$270,915	\$270,915	\$0
Charges for Services	1,869	1,869	0
Refund of Prior Year Expense	214	214	0
Operating Grants	481,141	481,141	0
Total Revenues	754,139	754,139	0
Expenses:			
Salaries	254,596	254,596	0
Fringe Benefits	184,015	184,015	0
Purchased Services	18,747	18,747	0
Materials and Supplies	332,526	332,526	0
Other	1,197	1,197	0
Total Expenses	791,081	791,081	0
Excess of Revenues Over (Under) Expenses	(36,942)	(36,942)	0
Advances In	48,558	48,558	0
Advances Out	(51,447)	(51,447)	0
Operating Transfers In	41,557	41,557	0
Excess of Revenues Over Expenses, Operating Transfers and Advances	1,726	1,726	0
Fund Equity at Beginning of Year	5,761	5,761	0
Prior Year Encumbrances Appropriated	280	280	0
Fund Equity at End of Year	\$7,767	\$7,767	\$0

(continued)

See accompanying notes to the general purpose financial statements.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$0	\$0	\$0
Charges for Services	2,209,448	2,209,448	0
Refund of Prior Year Expense	0	0	0
Operating Grants	0	0	0
Total Revenues	<u>2,209,448</u>	<u>2,209,448</u>	<u>0</u>
Expenses:			
Salaries	0	0	0
Fringe Benefits	1,908,775	1,908,775	0
Purchased Services	188,371	188,371	0
Materials and Supplies	0	0	0
Other	0	0	0
Total Expenses	<u>2,097,146</u>	<u>2,097,146</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	112,302	112,302	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Excess of Revenues Over Expenses, Operating Transfers and Advances	112,302	112,302	0
Fund Equity at Beginning of Year	962,652	962,652	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Equity at End of Year	<u><u>\$1,074,954</u></u>	<u><u>\$1,074,954</u></u>	<u><u>\$0</u></u>

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$270,915	\$270,915	\$0
2,211,317	2,211,317	0
214	214	0
481,141	481,141	0
<u>2,963,587</u>	<u>2,963,587</u>	<u>0</u>
254,596	254,596	0
2,092,790	2,092,790	0
207,118	207,118	0
332,526	332,526	0
1,197	1,197	0
<u>2,888,227</u>	<u>2,888,227</u>	<u>0</u>
75,360	75,360	0
48,558	48,558	0
(51,447)	(51,447)	0
41,557	41,557	0
114,028	114,028	0
968,413	968,413	0
280	280	0
<u>\$1,082,721</u>	<u>\$1,082,721</u>	<u>\$0</u>

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$272,998	\$0	\$272,998
Cash Received from Quasi-External Transactions with Other Funds	0	2,209,448	2,209,448
Cash Payments to Suppliers for Goods and Services	(351,000)	(188,371)	(539,371)
Cash Payments for Employee Services	(254,596)	0	(254,596)
Cash Payments for Employee Benefits	(184,015)	0	(184,015)
Cash Payments for Claims	0	(1,908,775)	(1,908,775)
Cash Payments for Claims	(1,197)	0	(1,197)
Net Cash Provided by (Used for) Operating Activities	<u>(517,810)</u>	<u>112,302</u>	<u>(405,508)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In	41,557	0	41,557
Advances In	48,558	0	48,558
Advances Out	(51,447)	0	(51,447)
Operating Grants Received	481,141	0	481,141
Net Cash Provided by Noncapital Financing Activities	<u>519,809</u>	<u>0</u>	<u>519,809</u>
Net Increase in Cash and Cash Equivalents	1,999	112,302	114,301
Cash and Cash Equivalents at Beginning of Year	<u>6,041</u>	<u>962,652</u>	<u>968,693</u>
Cash and Cash Equivalents at End of Year	<u><u>\$8,040</u></u>	<u><u>\$1,074,954</u></u>	<u><u>\$1,082,994</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	<u>(\$579,788)</u>	<u>\$24,756</u>	<u>(\$555,032)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	10,934	0	10,934
Donated Commodities Used During Year	48,914	0	48,914
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	436	0	436
Increase in Due from Other Funds	(94)	0	(94)
Decrease in Inventory Held for Resale	347	0	347
Increase in Materials and Supplies Inventory	(321)	0	(321)
Decrease in Accounts Payable	(353)	0	(353)
Increase in Accrued Wages and Benefits Payable	9,666	0	9,666
Increase in Compensated Absences Payable	661	0	661
Decrease in Intergovernmental Payable	(8,212)	0	(8,212)
Increase in Claims Payable	0	87,546	87,546
Total Adjustments	<u>61,978</u>	<u>87,546</u>	<u>149,524</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$517,810)</u>	<u>\$112,302</u>	<u>(\$405,508)</u>

See accompanying notes to the general purpose financial statements.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

Note 1 - Description of the School District and Reporting Entity

Meigs Local School 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 School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's nine instructional/support facilities staffed by 98 classified, 186 certificated full time teaching personnel, and 7 administrators who provide services to 2,267 students and other community members.

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

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

The School District is associated with the Southeast Ohio Voluntary Educational Consortium and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, which is defined as an insurance purchasing pool. These organizations are discussed in Note 19 to the general purpose financial statements.

Note 2 - Summary of Significant Accounting Policies

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

MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY

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

A. Basis of Presentation - Fund Accounting

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

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

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

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

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

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

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

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

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

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

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 fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000. The School District requested and received prior to fiscal year end an amended certificate in which estimated revenues equal actual.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the fiscal year for all funds, other than agency funds, consistent with statutory provisions. Prior to fiscal year end, the School District passed appropriations which matched appropriations to expenditures plus encumbrances at fiscal year end.

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

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to STAROhio and common stock, which are reported at fair value based on quoted market prices, and certificates of deposit, which are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on 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 \$125,656, which includes \$99,189 assigned from other School District funds.

The School District has a segregated bank account, held separate from the School District's central bank account, for athletic activities. This depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and expendable supplies held for consumption and are expended when used.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Fixed Assets and Depreciation

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase
State Property Tax Relief

Special Revenue Funds

Disadvantaged Pupil Impact Aid

MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY

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

Non-Reimbursable Grants

Special Revenue Funds

Professional Development
Educational Management Information System
Disadvantaged Pupil Program
Ohio Reads
Summer Intervention Grant
Vocational Education Enhancements
Eisenhower Grant
Vocational Education
Carl Perkins
Title I
Title VI
Drug Free Schools
Title VI-B
Title VI-R
Continuous Improvement

Capital Projects Funds

School Net Plus
Technology Equity

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Breakfast Program
National School Lunch Program
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 80 percent of governmental fund revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

J. Compensated Absences

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

**MEIGS LOCAL SCHOOL DISTRICT
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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District.

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

M. Fund Balance Reserves and Designation

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, unclaimed monies, school bus purchases, property taxes, and budget stabilization.

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The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

A fund balance designation has been established for budget stabilization which represents funding in excess of statutory requirements.

N. Contributed Capital

Contributed capital represents resources from other funds to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

(O) Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

(P) Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

Note 3 - Restatement of Fund Equity

Fixed assets were understated in the enterprise funds as of June 30, 1999. The effect of this understatement is \$18,780 on the net loss, which was (\$13,867), as previously reported for the fiscal year ended June 30, 1999. Previously reported contributed capital, \$87,282, was also understated by \$19,641, making the adjusted balance at July 1, 1999, \$106,923.

The restatements referred to above had the following effects on retained earnings as it was previously reported as of June 30, 1999:

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	Enterprise
Balance as previously reported	(\$42,943)
Restatements for:	
Contributed Capital	(19,641)
Understatement of Fixed Assets	1,667
Restated Balance as of July 1, 1999	(\$60,917)

Note 4 - Fund Deficits

The following funds had deficit fund balances/retained earnings at June 30, 2000:

	Deficit Fund Balances/ Retained Earnings
Special Revenue Funds:	
Disadvantaged Pupils Impact Aid	\$147,832
Professional Development	\$79
Title VI-B	\$7,019
Enterprise Fund:	
Food Service	\$83,110

The deficits in special revenue funds resulted from the application of generally accepted accounting principles. The General Fund is liable for any deficit in the special revenue funds and provides operating transfers when cash is required, not when accruals occur. The deficit in the Food Service Enterprise Fund is the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

**MEIGS LOCAL SCHOOL DISTRICT
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2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$193,645	(\$34,534)	\$206,726	\$6,102,806	(\$11,051)
Revenue Accruals	4,791	86,441	(107,014)	120,056	99
Expenditure Accruals	129,117	41,829	0	201,172	0
Unreported Items	(431)	0	0	0	0
Prepaid Items	2,316	0	0	0	0
Note Proceeds	0	0	0	5,726,000	0
Debt Principal	0	0	(5,726,000)	0	0
Transfers In	0	0	0	(5,726,000)	0
Transfers Out	0	0	5,726,000	0	0
Advances In	90,458	15,036	0	0	0
Advances Out	(63,594)	(39,011)	0	0	0
Encumbrances	(275,829)	(115,576)	0	(1,725,475)	0
Budget Basis	<u>\$80,473</u>	<u>(\$45,815)</u>	<u>\$99,712</u>	<u>\$4,698,559</u>	<u>(\$10,952)</u>

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

	Enterprise	Internal Service
GAAP Basis	(\$14,461)	\$24,756
Revenue Accruals	6,627	0
Expense Accruals	1,788	87,546
Advances In	48,558	0
Advances Out	(51,447)	0
Depreciation Expense	10,934	0
Encumbrances	(273)	0
Budget Basis	\$1,726	\$112,302

Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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Deposits At fiscal year end, the carrying amount of the School District's deposits was \$8,336,184 and the bank balance was \$8,450,651. Of the bank balance:

1. \$101,480 was covered by federal depository insurance; and
2. \$8,349,171 was collateralized with securities held by the pledging financial institution's trust department in the School District's name.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 1	Fair Value
Common Stock	\$135,805	\$135,805
STAROhio		1,273,981
Total Investments		\$1,409,786

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

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

	Cash and Cash Equivalents Deposits	Investments
GASB Statement 9	\$3,884,164	\$5,861,806
Certificates of Deposit	5,726,001	(5,726,001)
STAR Ohio	(1,273,981)	1,273,981
GASB Statement 3	\$8,336,184	\$1,409,786

**MEIGS LOCAL SCHOOL DISTRICT
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Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2000 taxes were collected in Meigs County are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$82,763,860	67%	\$83,006,300	72%
Tangible Personal Property	15,998,460	13%	16,702,250	15%
Public Utility Personal	25,295,910	20%	14,854,450	13%
Total	\$124,058,230	100%	\$114,563,000	100%
Tax rate per \$1,000 of assessed valuation	\$25.00		\$25.00	

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The School District receives property taxes from Meigs County. The Meigs County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Also intended to finance current fiscal year operations is the June personal property tax settlement that was not received until July, 2000, in the amount of \$31,097 in the General Fund, \$777 in the Classroom Facilities Special Revenue Fund, \$6,142 in the Bond Retirement Fund, and \$855 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2000, was \$637,000 and is recognized as revenue. \$510,747 was available to the General Fund, \$12,769 was available in the Classroom Facilities Special Revenue Fund, \$100,872 was available in the Bond Retirement Fund, and \$12,612 was available to the Permanent Improvement Capital Projects Fund.

Note 8 - Receivables

Receivables at June 30, 2000, consisted of taxes, accounts (rent and tuition), interfund, due from other funds, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Driver's Education	\$1,100
Reimbursement for Services	69
Total General Fund	1,169
Special Revenue Funds:	
Perkins Grant	9,050
Drug Free Schools	1,779
Total Special Revenue Funds	10,829
Capital Projects Fund:	
School Net	1,000
Enterprise Fund:	
National School Lunch Program	48,834
Total Intergovernmental Receivables	\$61,832

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

Note 9 - Fixed Assets

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

Furniture and Equipment	\$413,478
Less: accumulated	<u>(296,350)</u>
Net Fixed Assets	<u><u>\$117,128</u></u>

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

	Balance 6/30/99	Additions	Deductions	Balance 6/30/00
Land and Improvements	\$518,140	\$163,258	\$0	\$681,398
Buildings	7,261,224	135,282	0	7,396,506
Vehicles	1,696,587	102,532	0	1,799,119
Furniture and Equipment	2,819,537	277,560	5,376	3,091,721
Educational Media	1,108,411	32,392	0	1,140,803
Construction in Progress	0	496,417	0	496,417
Total General Fixed Assets	<u><u>\$13,403,899</u></u>	<u><u>\$1,207,441</u></u>	<u><u>\$5,376</u></u>	<u><u>\$14,605,964</u></u>

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2000, the School District contracted with Nationwide Insurance for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy.

Professional liability is protected by The Nationwide Insurance Company with a \$2,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Insurance and hold a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

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2. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

3. Employee Medical Benefits

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$294,742 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$286,139	\$1,434,622	\$1,513,565	\$207,196
2000	\$207,196	\$1,996,321	\$1,908,775	\$294,742

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

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For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$405,233, \$313,097 and \$625,320, respectively; 82.27 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$71,846 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$79,052, \$106,176 and \$166,327, respectively; 31.48 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$54,163 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**MEIGS LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$540,310 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$146,644.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

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

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. All employees may accumulate an unlimited amount of sick days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Canada Life Insurance Company. Coverage in the amount of \$20,000 is provided for all full-time certified and classified employees.

Note 14 - Contractual Commitments

As of June 30, 2000, the School District had contractual commitments for school building renovations and construction with various vendors in the amount of \$2,750,710. As of June 30, 2000, the School District paid \$496,417 on the project and the remaining balance on the contracts is \$2,254,293.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2000, were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Energy Conservation Notes - 4.35-6.0%	\$702,500	\$0	\$75,000	\$627,500
Classroom Facilities Bonds - 4.35-5.7%	0	5,726,000	0	5,726,000
Tax Refund Payable	9,138	0	9,138	0
Special Termination Benefits	0	17,483	0	17,483
Compensated Absences	653,447	132,566	43,348	742,665
Pension Obligation	98,154	103,725	98,154	103,725
Total General Long-Term Obligations	<u>\$1,463,239</u>	<u>\$5,979,774</u>	<u>\$225,640</u>	<u>\$7,217,373</u>

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

School Facilities Loan - On November 20, 1999, the School District was awarded \$32,582,763 (of which the School District received \$789,417 in fiscal year 2000) for the construction of a new elementary and middle school and improvements to its high school facilities under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Generally, the School District repays the State for its contributions by levying an additional property tax of one-half mill for a twenty-three period. The School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the \$32,582,763 to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution. Based on the School District's adjusted valuation relative to the state-wide median adjusted valuation, this possibility appears remote.

Classroom Facilities General Obligation Bonds - In May, 2000, Meigs Local School District issued \$5,726,000 in voted general obligation bonds for constructing a new elementary and middle school and improvements to its high school facilities. The bonds were issued for a 23 year period with final maturity on December 1, 2022. The bonds will be retired from the Debt Service Fund.

Based on the March 26, 1997 decision by the Ohio State Supreme Court, the School District is required to refund to Texas Eastern Transmission Corporation public utility property taxes collected for the 1991 through 1996 tax years. The liability was paid from the General Fund and Permanent Improvement Capital Projects Fund through reductions in tax settlements. No interest was charged on the liability for the 1992 through 1996 tax years.

The energy conservation notes will be paid with energy savings from the Bond Retirement Fund. Compensated absences, special termination benefits, and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$10,517,961, with an unvoted debt margin of \$114,563 at June 30, 2000. Principal and interest requirements to retire energy conservation notes outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$75,000	\$30,114	\$105,114
2002	75,000	26,453	101,453
2003	75,000	22,787	97,787
2004	70,000	19,287	89,287
2005	35,000	16,695	51,695
2006-2010	150,000	58,965	208,965
2011-2014	147,500	16,233	163,733
Total	<u>\$627,500</u>	<u>\$190,534</u>	<u>\$818,034</u>

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

Principal and interest requirements to retire bonds outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$26,000	\$379,865	\$405,865
2002	60,000	323,617	383,617
2003	60,000	320,857	380,857
2004	15,000	319,072	334,072
2005	20,000	318,222	338,222
2006-2010	715,000	1,528,631	2,243,631
2011-2015	1,450,000	1,197,113	2,647,113
2016-2020	1,930,000	699,538	2,629,538
2021-2023	1,450,000	127,794	1,577,794
Total	<u>\$5,726,000</u>	<u>\$5,214,709</u>	<u>\$10,940,709</u>

Note 16 - Note Activity

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

	Outstanding 06/30/99	Additions	Reductions	Outstanding 06/30/00
Classroom Facilities Bond Anticipation Note - 4.77%	\$0	\$5,726,000	\$5,726,000	\$0

The note was issued to finance the School District's portion of the Classroom Facilities Program until bonds were issued. The Classroom Facilities General Obligation Bonds, issued in May, 2000, retired the note.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

Note 17 - Interfund Transactions

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

<u>Fund Type/Fund</u>	<u>Receivables</u>		<u>Payables</u>	
	<u>Interfund</u>	<u>Due From</u>	<u>Interfund</u>	<u>Due To</u>
General Fund	<u>\$66,257</u>	<u>\$106</u>	<u>\$0</u>	<u>\$0</u>
Special Revenue Funds:				
Athletic and Music	0	0	6,765	0
Carl Perkins	0	0	6,697	0
Drug Free Schools	0	0	1,453	0
Title VI-B	0	0	2,784	0
Public School Support	0	0	0	94
Other Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>106</u>
Total Special Revenue Funds	<u>0</u>	<u>0</u>	<u>17,699</u>	<u>200</u>
Food Service Enterprise Fund	<u>0</u>	<u>94</u>	<u>48,558</u>	<u>0</u>
Total	<u>\$66,257</u>	<u>\$200</u>	<u>\$66,257</u>	<u>\$200</u>

Note 18 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$257,551	\$15,105	\$272,656
Depreciation	10,934	0	10,934
Operating Income (Loss)	(581,771)	1,983	(579,788)
Donated Commodities	48,914	0	48,914
Operating Grants	474,856	0	474,856
Transfers In	41,557	0	41,557
Net Income (Loss)	(16,444)	1,983	(14,461)
Net Working Capital	(79,272)	7,732	(71,540)
Total Assets	178,380	7,732	186,112
Long-Term Compensated Absences Payable	14,043	0	14,043
Total Equity	\$23,813	\$7,732	\$31,545
Encumbrances, June 30, 2000	\$273	\$0	\$273

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

Note 19 - Jointly Governed Organization and Insurance Purchasing Pool

A. 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 the member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council 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.

B. Insurance Purchasing Pool

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

Note 20 - School Funding Court Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$9,238,571 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had been awarded a total of \$32.6 million under this program.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

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 continued the case at least until June 15, 2001.

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

Note 21 - Set - Aside Calculations

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

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$133,338	\$0	\$0
Current Year Set-Aside Requirement	1,096	207,751	207,751
Current Year Offsets	0	(6,709,211)	0
Qualifying Disbursements	<u>0</u>	<u>(451,575)</u>	<u>(223,118)</u>
Total	<u>\$134,434</u>	<u>(\$6,953,035)</u>	<u>(\$15,367)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$134,434</u>	<u>(\$243,794)</u>	<u>(\$15,367)</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$134,434.

Note 22 - Contingencies

A. Grants

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

B. Litigation

The School District is currently not party to any legal proceedings.

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. DEPARTMENT OF AGRICULTURE						
Pass Through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution Program (Commodities)	N/A	10.550	\$0	\$49,008	\$0	\$48,914
School Breakfast Program	05-PU-99 05-PU-00	10.553	30,082 91,928	0 0	30,082 91,928	0 0
Total School Breakfast Program			122,010	0	122,010	0
National School Lunch Program	03-PU-99 03-PU-00 04-PU-99 04-PU-00	10.555	11,397 38,268 61,906 204,447	0 0 0 0	11,397 38,268 61,906 204,447	0 0 0 0
Total National School Lunch Program			316,018	0	316,018	0
Total Nutrition Cluster			438,028	0	438,028	0
Total U.S. Department of Agriculture			438,028	49,008	438,028	48,914
U.S. DEPARTMENT OF EDUCATION						
Pass Through Ohio Department of Education:						
Title I - Grants to Local Educational Agencies	C1-S1-98 C1-S1-99 C1-S1-00	84.010	0 167,572 645,485	0 0 0	45,620 183,958 499,549	0 0 0
Total Title I - Grants to Local Educational Agencies			813,057	0	729,127	0
Special Education - Grants to States	6B-SF-99P 6B-SF-99P	84.027	23,359 112,498	0 0	68,686 114,312	0 0
Total Special Education - Grants to States			135,857	0	182,998	0
Vocational Education Basic Grants to States	20-C1-99 20-C1-00	84.048	15,216 94,874	0 0	65,800 67,002	0 0
Total Vocational Educational Basic Grants to States			110,090	0	132,802	0
Safe and Drug-Free Schools and Communities Grants	DR-S1-99 DR-S1-00	84.186	0 8,253	0 0	1,435 9,705	0 0
Total Safe and Drug Free Schools			8,253	0	11,140	0
GOALS 2000 - State and Local Education Systemic Improvement Grants	G2-S1-99	84.276	0	0	20,000	0
Total GOALS 2000 Program			0	0	20,000	0
Eisenhower Professional Development State Grants	MS-S1-98 MS-S1-99 MS-S1-00	84.281	0 0 5,809	0 0 0	5,540 4,821 1,067	0 0 0
Total Eisenhower Professional Development			5,809	0	11,428	0
Innovative Education Program Strategies	C2-S1-99 C2-S1-00	84.298	2,457 4,886	0 0	6,976 909	0 0
Total Innovative Education Program Strategies			7,343	0	7,885	0
Class Size Reduction	CR-S1-00	84.340	105,229	0	80,484	0
Total U.S. Department of Education			1,185,638	0	1,175,864	0
Total Federal Awards Receipts and Expenditures			<u>\$1,623,666</u>	<u>\$49,008</u>	<u>\$1,613,892</u>	<u>\$48,914</u>

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

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED 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**

Meigs Local School District
Meigs County
320 East Main Street
P.O. Box 272
Pomeroy, Ohio 45769

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Meigs Local School District, Meigs County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated November 21, 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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.

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

Jim Petro
Auditor of State

November 21, 2000



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

Meigs Local School District
Meigs County
320 East Main Street
P.O. Box 272
Pomeroy, Ohio 45769

To the Board of Education:

Compliance

We have audited the compliance of the Meigs Local School District, Meigs 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 audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 21, 2000

**MEIGS LOCAL SCHOOL DISTRICT
MEIGS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

There were no findings related to the financial statements.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

MEIGS LOCAL SCHOOL DISTRICT

MEIGS 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
JANUARY 18, 2001**