



**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Lynchburg-Clay Local School District
Highland County
301 East Pearl Street
P.O. Box 515
Lynchburg, Ohio 45142

We have audited the accompanying general purpose financial statements of the Lynchburg-Clay Local School District, Highland County, Ohio (the District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lynchburg-Clay Local School District, Highland County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 15, 2002

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Lynchburg Clay Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,696,783	\$355,493	\$303,855	\$1,542,386
Receivables:				
Taxes	1,319,248	36,173	291,877	0
Intergovernmental	4,676	13,128	0	45,000
Interest	22,023	0	0	0
Interfund Receivable	187,352	0	0	0
Prepaid Items	19,690	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	93,640	0	0	0
Cash and Cash Equivalents with Escrow Agents	0	0	0	108,051
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$5,343,412</u>	<u>\$404,794</u>	<u>\$595,732</u>	<u>\$1,695,437</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$486,056	\$42,738	\$0	\$0	\$6,427,311
0	0	0	0	0	1,647,298
0	0	0	0	0	62,804
0	107	0	0	0	22,130
0	0	0	0	0	187,352
0	0	0	0	0	19,690
0	0	0	0	0	93,640
0	0	0	0	0	108,051
5,484	0	0	0	0	5,484
1,078	0	0	0	0	1,078
368,064	0	0	25,304,520	0	25,672,584
0	0	0	0	314,411	314,411
0	0	0	0	2,326,785	2,326,785
<u>\$374,626</u>	<u>\$486,163</u>	<u>\$42,738</u>	<u>\$25,304,520</u>	<u>\$2,641,196</u>	<u>\$36,888,618</u>

(continued)

Lynchburg Clay Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$14,986	\$1,834	\$0	\$0
Contracts Payable	0	0	0	99,115
Accrued Wages and Benefits	600,359	24,948	0	0
Compensated Absences Payable	37,595	0	0	0
Retainage Payable from Restricted Assets	0	0	0	108,051
Interfund Payable	0	300	0	2,949
Intergovernmental Payable	111,072	5,151	0	0
Deferred Revenue	1,284,040	47,955	281,321	0
Undistributed Monies	0	0	0	0
Claims Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,048,052	80,188	281,321	210,115
<u>Fund Equity and Other Credits:</u>				
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	265,261	12,009	0	104,892
Reserved for Property Taxes	53,858	1,346	10,556	0
Reserved for Budget Stabilization	30,409	0	0	0
Reserved for School Bus Purchases	63,231	0	0	0
Unreserved	2,882,601	311,251	303,855	1,380,430
Total Fund Equity and Other Credits	3,295,360	324,606	314,411	1,485,322
Total Liabilities, Fund Equity and Other Credits	\$5,343,412	\$404,794	\$595,732	\$1,695,437

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$0	\$0	\$0	\$0	\$16,820
0	0	0	0	0	99,115
27,883	0	0	0	0	653,190
14,443	0	0	0	357,231	409,269
0	0	0	0	0	108,051
184,103	0	0	0	0	187,352
10,487	222,733	0	0	53,301	402,744
2,169	0	0	0	0	1,615,485
0	0	42,738	0	0	42,738
0	134,800	0	0	0	134,800
0	0	0	0	30,664	30,664
0	0	0	0	25,000	25,000
0	0	0	0	2,175,000	2,175,000
<u>239,085</u>	<u>357,533</u>	<u>42,738</u>	<u>0</u>	<u>2,641,196</u>	<u>5,900,228</u>
0	0	0	25,304,520	0	25,304,520
368,064	0	0	0	0	368,064
(232,523)	128,630	0	0	0	(103,893)
0	0	0	0	0	382,162
0	0	0	0	0	65,760
0	0	0	0	0	30,409
0	0	0	0	0	63,231
0	0	0	0	0	4,878,137
<u>135,541</u>	<u>128,630</u>	<u>0</u>	<u>25,304,520</u>	<u>0</u>	<u>30,988,390</u>
<u>\$374,626</u>	<u>\$486,163</u>	<u>\$42,738</u>	<u>\$25,304,520</u>	<u>\$2,641,196</u>	<u>\$36,888,618</u>

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Lynchburg Clay Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$1,279,076	\$31,297	\$246,713	\$0	\$1,557,086
Intergovernmental	5,415,314	585,442	27,567	7,083,036	13,111,359
Investment Income	247,828	0	0	337,749	585,577
Tuition and Fees	57,452	1,177	0	0	58,629
Rent	238	0	0	0	238
Extracurricular Activities	0	68,435	0	0	68,435
Gifts and Donations	50,038	33,442	0	0	83,480
Miscellaneous	69,525	13,931	0	2,250	85,706
Total Revenues	7,119,471	733,724	274,280	7,423,035	15,550,510
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	3,062,120	77,201	0	78,274	3,217,595
Special	391,714	169,973	0	0	561,687
Vocational	224,599	0	0	2,030	226,629
Adult/Continuing	484	4,880	0	0	5,364
Support Services:					
Pupils	223,020	20,744	0	587,091	830,855
Instructional Staff	266,441	38,353	0	0	304,794
Board of Education	8,455	0	0	0	8,455
Administration	744,339	7,738	0	0	752,077
Fiscal	208,985	2,389	7,063	3,128	221,565
Business	42,293	0	0	0	42,293
Operation and Maintenance of Plant	657,105	3,310	0	0	660,415
Pupil Transportation	660,660	155	0	0	660,815
Central	0	6,064	0	0	6,064
Non-Instructional Services	5,817	2,019	0	0	7,836
Extracurricular Activities	131,033	80,801	0	0	211,834
Capital Outlay	67,060	0	0	11,078,529	11,145,589
Debt Service:					
Principal Retirement	1,314	0	77,500	0	78,814
Interest and Fiscal Charges	631	0	110,989	0	111,620
Total Expenditures	6,696,070	413,627	195,552	11,749,052	19,054,301
Excess of Revenues Over (Under) Expenditures	423,401	320,097	78,728	(4,326,017)	(3,503,791)
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Fixed Assets	14,566	0	0	0	14,566
Inception of Capital Lease	31,978	0	0	0	31,978
Operating Transfers In	0	700	0	0	700
Operating Transfers Out	(700)	0	0	0	(700)
Total Other Financing Sources (Uses)	45,844	700	0	0	46,544
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	469,245	320,797	78,728	(4,326,017)	(3,457,247)
Fund Balances at Beginning of Year					
Restated - Note 21	2,826,115	3,809	235,683	5,811,339	8,876,946
Fund Balances at End of Year	\$3,295,360	\$324,606	\$314,411	\$1,485,322	\$5,419,699

See accompanying notes to the general purpose financial statements

Lynchburg Clay Local School District
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$1,440,723	\$1,257,480	(\$183,243)	\$30,372	\$30,757	\$385
Intergovernmental	5,193,857	5,400,667	206,810	614,274	601,796	(12,478)
Investment Income	280,000	257,126	(22,874)	0	0	0
Tuition and Fees	55,005	60,168	5,163	1,132	1,177	45
Rent	196	238	42	0	0	0
Extracurricular Activities	0	0	0	65,939	68,435	2,496
Gifts and Donations	49,538	50,038	500	33,120	33,442	322
Miscellaneous	42,387	52,175	9,788	13,052	13,816	764
Total Revenues	7,061,706	7,077,892	16,186	757,889	749,423	(8,466)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	3,251,038	3,076,540	174,498	111,714	86,809	24,905
Special	400,486	391,555	8,931	196,756	166,763	29,993
Vocational	208,276	204,212	4,064	0	0	0
Adult/Continuing	670	95	575	4,880	4,880	0
Support Services:						
Pupils	260,922	253,348	7,574	22,400	20,500	1,900
Instructional Staff	320,434	276,473	43,961	81,937	42,974	38,963
Board of Education	17,589	10,965	6,624	0	0	0
Administration	756,021	729,732	26,289	24,528	7,445	17,083
Fiscal	222,123	211,712	10,411	4,156	2,819	1,337
Business	44,872	42,293	2,579	0	0	0
Operation and Maintenance of Plant	717,243	704,234	13,009	3,460	3,310	150
Pupil Transportation	774,545	757,134	17,411	155	155	0
Central	755	0	755	6,217	6,064	153
Non-Instructional Services	5,985	5,040	945	5,165	2,520	2,645
Extracurricular Activities	141,770	131,384	10,386	86,383	80,154	6,229
Capital Outlay	52,437	48,771	3,666	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	7,175,166	6,843,488	331,678	547,751	424,393	123,358
Excess of Revenues Over (Under) Expenditures	(113,460)	234,404	347,864	210,138	325,030	114,892
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	14,556	14,566	10	0	0	0
Refund of Prior Year Expenditures	17,000	18,262	1,262	115	115	0
Refund of Prior Year Receipts	(1,050)	0	1,050	0	0	0
Advances In	250,000	250,039	39	300	300	0
Advances Out	(157,500)	(157,500)	0	(174,239)	(174,039)	200
Operating Transfers In	0	0	0	700	700	0
Operating Transfers Out	(700)	(700)	0	0	0	0
Other Financing Sources	12,465	12,663	198	29,884	29,884	0
Total Other Financing Sources (Uses)	134,771	137,330	2,559	(143,240)	(143,040)	200
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	21,311	371,734	350,423	66,898	181,990	115,092
Fund Balances at Beginning of Year	2,968,579	2,968,579	0	143,705	143,705	0
Prior Year Encumbrances Appropriated	161,651	161,651	0	17,462	17,462	0
Fund Balances at End of Year	\$3,151,541	\$3,501,964	\$350,423	\$228,065	\$343,157	\$115,092

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$240,348	\$242,480	\$2,132	\$0	\$0	\$0	\$1,711,443	\$1,530,717	(\$180,726)
25,092	27,567	2,475	7,082,551	7,038,036	(44,515)	12,915,774	13,068,066	152,292
0	0	0	348,850	348,895	45	628,850	606,021	(22,829)
0	0	0	0	0	0	56,137	61,345	5,208
0	0	0	0	0	0	196	238	42
0	0	0	0	0	0	65,939	68,435	2,496
0	0	0	0	0	0	82,658	83,480	822
0	0	0	2,250	2,250	0	57,689	68,241	10,552
<u>265,440</u>	<u>270,047</u>	<u>4,607</u>	<u>7,433,651</u>	<u>7,389,181</u>	<u>(44,470)</u>	<u>15,518,686</u>	<u>15,486,543</u>	<u>(32,143)</u>
0	0	0	85,253	78,275	6,978	3,448,005	3,241,624	206,381
0	0	0	0	0	0	597,242	558,318	38,924
0	0	0	2,030	2,030	0	210,306	206,242	4,064
0	0	0	0	0	0	5,550	4,975	575
0	0	0	945,952	663,758	282,194	1,229,274	937,606	291,668
0	0	0	0	0	0	402,371	319,447	82,924
0	0	0	0	0	0	17,589	10,965	6,624
0	0	0	0	0	0	780,549	737,177	43,372
14,275	7,063	7,212	3,858	3,628	230	244,412	225,222	19,190
0	0	0	0	0	0	44,872	42,293	2,579
0	0	0	0	0	0	720,703	707,544	13,159
0	0	0	0	0	0	774,700	757,289	17,411
0	0	0	30,000	20,162	9,838	36,972	26,226	10,746
0	0	0	0	0	0	11,150	7,560	3,590
0	0	0	0	0	0	228,153	211,538	16,615
0	0	0	13,897,865	12,789,176	1,108,689	13,950,302	12,837,947	1,112,355
77,500	77,500	0	0	0	0	77,500	77,500	0
110,991	110,989	2	0	0	0	110,991	110,989	2
<u>202,766</u>	<u>195,552</u>	<u>7,214</u>	<u>14,964,958</u>	<u>13,557,029</u>	<u>1,407,929</u>	<u>22,890,641</u>	<u>21,020,462</u>	<u>1,870,179</u>
<u>62,674</u>	<u>74,495</u>	<u>11,821</u>	<u>(7,531,307)</u>	<u>(6,167,848)</u>	<u>1,363,459</u>	<u>(7,371,955)</u>	<u>(5,533,919)</u>	<u>1,838,036</u>
0	0	0	0	0	0	14,556	14,566	10
0	0	0	0	0	0	17,115	18,377	1,262
0	0	0	0	0	0	(1,050)	0	1,050
0	0	0	0	0	0	250,300	250,339	39
0	0	0	0	0	0	(331,739)	(331,539)	200
0	0	0	0	0	0	700	700	0
0	0	0	0	0	0	(700)	(700)	0
0	0	0	0	0	0	42,349	42,547	198
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,469)</u>	<u>(5,710)</u>	<u>2,759</u>
62,674	74,495	11,821	(7,531,307)	(6,167,848)	1,363,459	(7,380,424)	(5,539,629)	1,840,795
228,935	228,935	0	7,256,061	7,256,061	0	10,597,280	10,597,280	0
425	425	0	344,131	344,131	0	523,669	523,669	0
<u>\$292,034</u>	<u>\$303,855</u>	<u>\$11,821</u>	<u>\$68,885</u>	<u>\$1,432,344</u>	<u>\$1,363,459</u>	<u>\$3,740,525</u>	<u>\$5,581,320</u>	<u>\$1,840,795</u>

Lynchburg Clay Local School District
Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<u>Operating Revenues:</u>			
Sales	\$184,125	\$0	\$184,125
Charges for Services	0	688,290	688,290
Other Revenues	420	0	420
	<u>184,545</u>	<u>688,290</u>	<u>872,835</u>
Total Operating Revenue			
<u>Operating Expenses:</u>			
Salaries	139,376	0	139,376
Fringe Benefits	55,965	0	55,965
Purchased Services	3,507	6,341	9,848
Materials and Supplies	22,584	0	22,584
Cost of Sales	148,633	0	148,633
Claims	0	794,734	794,734
Other	489	0	489
	<u>370,554</u>	<u>801,075</u>	<u>1,171,629</u>
Total Operating Expenses			
Operating Loss	<u>(186,009)</u>	<u>(112,785)</u>	<u>(298,794)</u>
<u>Non-Operating Revenues/(Expenses):</u>			
Investment Income	0	11,160	11,160
Federal Donated Commodities	20,096	0	20,096
Federal and State Subsidies	77,983	0	77,983
Loss on Disposal of Fixed Assets	(8,928)	0	(8,928)
	<u>89,151</u>	<u>11,160</u>	<u>100,311</u>
Total Non-Operating Revenues/(Expenses)			
Net Loss	(96,858)	(101,625)	(198,483)
Retained Earnings (Deficit) at Beginning of Year	<u>(135,665)</u>	<u>230,255</u>	<u>94,590</u>
Retained Earnings (Deficit) at End of Year	<u>(232,523)</u>	<u>128,630</u>	<u>(103,893)</u>
Contributed Capital at Beginning of Year	0	0	0
Contributions from Others	377,501	0	377,501
Less: Depreciation on Fixed Assets			
Acquired by Contributed Capital	<u>(9,437)</u>	<u>0</u>	<u>(9,437)</u>
Contributed Capital at End of Year	<u>368,064</u>	<u>0</u>	<u>368,064</u>
Total Fund Equity at End of Year	<u>135,541</u>	<u>128,630</u>	<u>264,171</u>

See accompanying notes to the general purpose financial statements

Lynchburg-Clay Local School District
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, 2001

	Enterprise			Internal Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Sales	\$184,125	\$184,125	\$0	\$0	\$0	\$0
Investment Income	0	0	0	12,500	12,800	300
Charges for Services	0	0	0	654,500	688,207	33,707
Federal and State Subsidies	77,983	77,983	0	0	0	0
Other Revenues	480	420	(60)	0	0	0
Refund of Prior Year Expenses	0	0	0	0	83	83
Total Revenues	262,588	262,528	(60)	667,000	701,090	34,090
<u>Expenses:</u>						
Salaries	133,946	133,946	0	0	0	0
Fringe Benefits	56,316	56,316	0	0	0	0
Purchased Services	3,356	3,356	0	6,098	249	5,849
Materials and Supplies	151,467	151,467	0	350	0	350
Other	489	489	0	729,126	644,219	84,907
Total Expenses	345,574	345,574	0	735,574	644,468	91,106
Excess of Revenues Over (Under) Expenses	(82,986)	(83,046)	(60)	(68,574)	56,622	125,196
Advances In	157,200	157,200	0	0	0	0
Advances Out	(76,000)	(76,000)	0	0	0	0
Excess of Revenues Over (Under) Expenses and Advances	(1,786)	(1,846)	(60)	(68,574)	56,622	125,196
Fund Equity at Beginning of Year	1,828	1,828	0	386,725	386,725	0
Prior Year Encumbrances Appropriated	15	15	0	35,626	35,626	0
Fund Equity at End of Year	\$57	(\$3)	(\$60)	\$353,777	\$478,973	\$125,196

See accompanying notes to the general purpose financial statements

*Lynchburg Clay Local School District
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001*

	Enterprise	Internal Service	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$184,125	\$0	\$184,125
Cash Received from Quasi-External Transactions With Other Funds	0	688,290	688,290
Cash Received from Other Operating Sources	420	0	420
Cash Payments to Suppliers for Goods and Services	(155,312)	(6,341)	(161,653)
Cash Payments to Employees for Services	(133,946)	0	(133,946)
Cash Payments for Employee Benefits	(56,316)	0	(56,316)
Cash Payments for Claims	0	(781,035)	(781,035)
Net Cash Used for Operating Activities	<u>(161,029)</u>	<u>(99,086)</u>	<u>(260,115)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Short-Term Borrowing from Other Governments	0	222,733	222,733
Repayment of Short-Term Borrowing from Other Governments	0	(72,743)	(72,743)
Operating Grants Received	77,983	0	77,983
Short-Term Loans from Other Funds	157,203	0	157,203
Repayment of Short-Term Loans	(76,000)	0	(76,000)
Net Cash Provided by Noncapital Financing Activities	<u>159,186</u>	<u>149,990</u>	<u>309,176</u>
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	0	11,053	11,053
Net Increase (Decrease) in Cash and Cash Equivalents	(1,843)	61,957	60,114
Cash and Cash Equivalents at Beginning of Year	1,843	424,099	425,942
Cash and Cash Equivalents at End of Year	<u>\$0</u>	<u>\$486,056</u>	<u>\$486,056</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>			
Operating Loss	<u>(\$186,009)</u>	<u>(\$112,785)</u>	<u>(\$298,794)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>			
Depreciation	0	0	0
Donated Commodities Used During Year	20,096	0	20,096
<u>Changes in Assets and Liabilities:</u>			
Increase in Inventory Held for Resale	(20)	0	(20)
Increase in Materials and Supplies Inventory	(326)	0	(326)
Decrease in Prepaid Items	151	0	151
Increase in Accrued Wages and Benefits	5,187	0	5,187
Increase in Compensated Absences Payable	243	0	243
Decrease in Intergovernmental Payable	(351)	0	(351)
Increase in Claims Payable	0	13,699	13,699
Total Adjustments	<u>24,980</u>	<u>13,699</u>	<u>38,679</u>
Net Cash Used for Operating Activities	<u>(\$161,029)</u>	<u>(\$99,086)</u>	<u>(\$260,115)</u>

Noncash investing, capital, and financing activities:

During the fiscal year, the Enterprise Fund disposed of miscellaneous equipment as scrap. The undepreciated cost of the equipment was recorded as a loss of \$8,928

See accompanying notes to the general purpose financial statements

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1853 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 113 square miles. It is located in Highland, Clinton and Brown Counties, and includes all of the Villages of Lynchburg, Buford, and Dodson and portions of Hamer, Union and White Oak Townships. It is staffed by 51 non-certificated employees, 79 certificated personnel and 7 administrative employees who provide services to 1,341 students and other community members. The School District currently operates 4 instructional buildings, 1 administrative building, and 1 garage.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Lynchburg Clay Local School District, this includes general operations, food service, 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. The School District has no component units.

The School District participates in five organizations, three of which are defined as jointly governed organizations, one as a claims servicing pool, and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), Hopewell Special Education Regional Resource Center (Hopewell), Great Oaks Institute of Technology and Career Development, the Ross County School Employees Insurance Consortium, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the general purpose financial statements.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lynchburg Clay 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 standards 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.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the 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.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Capital Projects Funds - The 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:

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

Internal Service Fund - The internal service fund is used to account 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 Type:

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 only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District has no contributed capital. Proprietary fund 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.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest and grants.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported 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.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The self-insurance internal service fund has only the dental insurance activity of the fund budgeted and is shown as part of the School District's cash activity; the medical insurance activity is handled by a fiscal agent and is budgeted within the funds paying medical premiums. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given authority to further allocate appropriations to functions and objects within each fund.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Highland County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

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 level of expenditure, which is the legal level 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 and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

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.

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 by the Board of Education as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District also utilizes an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as "Restricted Assets: Cash and Cash Equivalents with Escrow Agents".

During fiscal year 2001, the School District's investments were limited to a repurchase agreement, federal agency securities, commercial paper, and the State Treasury Assets Reserve of Ohio (STAR Ohio).

Investments are reported at fair value which is based on quoted market prices. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2001 amounted to \$247,828, which includes \$152,292 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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 is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings, 5 years for land improvements, 20 years for building improvements, 6 to 15 years for furniture, equipment, and fixtures, and 5 to 10 years for vehicles. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 15 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Assets/Liabilities

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

I. 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. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

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

J. Accrued Liabilities and Long-term Obligations

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

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

K. 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.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represents amounts required by statute to be set-aside by the School District budget stabilization and school bus purchases. See Note 16 for the calculations of the year-end reserves.

The School District also utilizes an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as “cash and cash equivalents with escrow agents” and represent deposits.

M. Fund Balance Reserves

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, property taxes, budget stabilization and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Contributed Capital

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

O. 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.

P. 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.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 3 - 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 the 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 that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
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. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The School District does not budget for the activities of the fiscal agent who receives and holds assets used for the payment of medical claims; however, the activities of the fiscal agent are included in the internal service fund for GAAP reporting purposes.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$469,245	\$320,797	\$78,728	(\$4,326,017)
Revenue Accruals	(51,175)	45,698	(4,233)	(33,854)
Increase in Fair Market Value of Investments	8,543	0	0	0
Expenditure Accruals	132,441	1,570	0	(1,697,935)
Encumbrances	(279,859)	(12,336)	0	(110,042)
Advances	92,539	(173,739)	0	0
Budget Basis	<u>\$371,734</u>	<u>\$181,990</u>	<u>\$74,495</u>	<u>(\$6,167,848)</u>

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

	Enterprise	Internal Service
GAAP Basis	(\$96,858)	(\$101,625)
Revenue Accruals	0	1,640
Expense Accruals	4,884	13,699
Advances	81,200	0
Loss on Sale of Fixed Assets	8,928	0
Encumbrances	0	(7,083)
Non-Budgeted Activity	0	149,991
Budget Basis	<u>(\$1,846)</u>	<u>\$56,622</u>

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - 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 that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing 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 monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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;

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in divisions (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase 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, 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"*.

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$2,767,871 and the bank balance was \$2,818,104. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$2,718,104 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

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 which 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. The School District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Carrying/ Fair Value
STAR Ohio	\$0	\$143,885
Repurchase Agreement		245,726
Commercial Paper	498,350	498,350
Federal Home Loan Mortgage Bonds	990,310	990,310
Federal National Mortgage Bonds	983,170	983,170
Federal National Mortgage Discount Notes	999,690	999,690
Totals	\$3,471,520	\$3,861,131

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

	Cash and Cash Equivalents/ Deposits	Investments
<i>GASB Statement No. 9</i>	\$6,629,002	\$0
Investments:		
STAR Ohio	(143,885)	143,885
Repurchase Agreement	(245,726)	245,726
Commercial Paper	(498,350)	498,350
Federal Home Loan Mortgage Bonds	(990,310)	990,310

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Federal National Mortgage Bonds	(983,170)	983,170
Federal National Mortgage Discount Notes	(999,690)	999,690
<i>GASB Statement No. 3</i>	\$2,767,871	\$3,861,131

NOTE 5 - 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 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

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. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. 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.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$51,576,630	86.69%	\$60,730,300	88.54%
Public Utility	4,542,650	7.63%	3,943,270	5.75%
Tangible Personal Property	3,376,480	5.68%	3,915,570	5.71%
Total Assessed Value	<u>\$59,495,760</u>	<u>100.00%</u>	<u>\$68,589,140</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$29.92		\$29.92	

The School District receives property taxes from Highland, Clinton, and Brown Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 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, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2001 was \$53,858 for the general fund, \$1,346 for the classroom facilities maintenance special revenue fund and \$10,556 in the debt service fund. All amounts are recognized as revenue in their respective funds.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, intergovernmental grants, interest, and interfund amounts. 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.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Hopewell JOGS Reimbursement	\$1,966
Mentor Program Reimbursement	2,710
Total General Fund	4,676
Special Revenue Funds:	
Performance Improvement Grant	12,552
Title II	576
Total Special Revenue Funds	13,128
Capital Projects Fund:	
IVDL Grant	45,000
Total Intergovernmental Receivables	\$62,804

NOTE 7 - FIXED ASSETS

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$447,503	\$0	\$0	\$447,503
Buildings and Improvements	1,852,646	21,188,187	0	23,040,833
Furniture, Fixtures and Equipment	1,544,767	670,007	71,044	2,143,730
Vehicles	1,000,551	65,365	0	1,065,916
Textbooks and Library Books	246,406	33,309	1,037	278,678
Construction in Progress	10,522,471	13,467,828	21,761,659	2,228,640
Totals	\$15,614,344	\$35,392,718	\$21,833,740	29,205,300
Accumulated Depreciation				(3,900,780)
Total General Fixed Assets				\$25,304,520

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 7 - FIXED ASSETS (Continued)

A summary of the enterprise fund's fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$377,501
Less Accumulated Depreciation	<u>(9,437)</u>
Net Fixed Assets	<u><u>\$368,064</u></u>

NOTE 8 - RISK MANAGEMENT

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. During fiscal year 2001, the District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by Nationwide Insurance is as follows:

Building and Contents Coverage - at replacement cost (\$5,000 building, \$250 contents deductible)	\$12,562,700
Automobile Liability (\$500 deductible)	2,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000
Builders Risk Coverage for the Construction Project	9,300,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction of coverage from the prior year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). 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 percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - RISK MANAGEMENT (Continued)

Medical, vision and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$134,800 reported in the internal service fund at June 30, 2001 is based on an estimate provided by the third party administrator and the requirements of *GASB Statement No. 30 "Risk Financing Omnibus"*, 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 adjustments expenses and does not include other allocated or unallocated claim 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
2000	\$132,174	\$518,350	\$529,423	\$121,101
2001	121,101	794,734	781,035	134,800

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

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 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 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, 2001, 2000, and 1999 were \$35,693, \$43,098, and \$63,091, respectively; 36.28 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$22,745 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan 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. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. 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, 2001, 2000, and 1999 were \$302,409, \$180,008, and \$148,031, respectively; 82.56 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$52,733 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

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, 2001, four of the five board of education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 10 - 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.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$143,246 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, 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 2001 fiscal year equaled \$92,977.

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, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 52 days.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through the Ohio Educational Employees Life Insurance Trust.

NOTE 12 - CAPITAL LEASES

During fiscal year 2001, the School District entered into a lease for a copier. The terms of this agreement provide an option to purchase the equipment. This lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13 "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$31,978, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$1,314.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 12 - CAPITAL LEASES (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	Long-Term Obligations
2002	\$7,781
2003	7,781
2004	7,781
2005	7,781
2006	5,835
Total Payments	36,959
Less: Amount Representing Interest	(6,295)
Present Value of Minimum Lease Payments	\$30,664

NOTE 13 - LONG-TERM OBLIGATIONS

The change in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Energy Conservation Notes				
1994 7.75%	\$37,500	\$0	\$12,500	\$25,000
School Improvement Bonds				
1998 3.8%	2,240,000	0	65,000	2,175,000
Capital Lease	0	31,978	1,314	30,664
Intergovernmental Payable	44,311	53,301	44,311	53,301
Compensated Absences	357,217	14	0	357,231
Total General Long-Term Obligations	\$2,679,028	\$85,293	\$123,125	\$2,641,196

Energy Conservation Notes - On June 18, 1992, Lynchburg Clay Local School District issued \$134,953 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The notes will be retired from the debt service fund.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

School Improvement Bonds - In July 1998, the School District issued school improvement bonds in the amount of \$2,330,600 for the construction of a new elementary school, new high school and renovations to the old high school building to be used as a middle school. The bonds were issued for a twenty three year period with final maturity in 2021. The bonds will be paid from the debt service fund.

The capital lease will be paid from the general fund. Compensated absences and the pension obligation will be paid from the funds from which the employees' salaries are paid.

The District's overall legal debt margin was \$4,3124,34 with an unvoted debt margin of \$68,589 at June 30, 2001.

Principal and interest requirements to retire the energy conservation notes and school improvement bonds outstanding at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$82,500	\$107,469	\$189,969
2003	82,500	103,856	186,356
2004	75,000	100,411	175,411
2005	75,000	97,168	172,168
2006	80,000	93,776	173,776
2007-2011	460,000	409,280	869,280
2012-2016	585,000	272,286	857,286
2017-2021	760,000	98,250	858,250
Total	<u>\$2,200,000</u>	<u>\$1,282,496</u>	<u>\$3,482,496</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. South Cental Ohio Computer Association (SCOCA)

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers plus the fiscal agent. The School District paid SCOCA \$20,000 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

B. Hopewell Special Education Regional Resource Center (Hopewell)

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Drive, Wilmington, Ohio 45177.

C. Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possess its own budgetary and taxing authority. To obtain financial information write to the Great Oaks Institute of Technology and Career Development, 3254 E. Kemper Road, Cincinnati, OH 45241-1581.

NOTE 15 - CLAIMS SERVICING AND INSURANCE PURCHASING POOLS

A. Ross County School Employees Insurance Consortium

The School District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool consisting of fourteen school districts within Ross County and its surrounding area. Medical/surgical, dental, and vision is administered through a third party administrator, Professional Risk Management Company. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the cost of administering the Consortium. To obtain financial information, write to the Westfall Local School District, Scott Glandon who serves as Treasurer, 19463 Pherson Pike, Williamsport, Ohio 43164-9745.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

For fiscal year ending June 30, 2001, the School District is no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	(\$6,244)	\$0	\$87,391
Current Year Set-aside Requirement	135,503	135,503	0
Reduction in Requirement Based on Revised Legislation	0	0	(56,982)
Current Year Offsets	0	0	0
Qualifying Disbursements	(307,811)	(307,936)	0
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$178,552)</u>	<u>\$0</u>	<u>\$30,409</u>
Set-Aside Reserve Balance as of June 30, 2001			<u>\$30,409</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$30,409.

NOTE 17 - CONSTRUCTION COMMITMENTS

The School District has entered into contracts for the design and construction of a new buildings and renovations to an existing building in the School District. The project is financed by bond proceeds and a school facilities grant in the amount of \$21,952,689 from the state of Ohio. The outstanding construction commitments at June 30, 2001 are:

<u>Contractor Name</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/01</u>
Delta Innovations	\$656,870	\$588,267	\$68,603
Firematic, Inc.	179,834	65,777	114,057
Foill, Inc.	378,206	340,266	37,940
Fred Debra Company	103,000	61,555	41,445
George J. Igel & Company, Inc.	1,768,589	1,680,519	88,070
Hemmer Industries, Inc.	1,913,582	1,009,278	904,304
Luce Electric, Inc.	359,763	277,301	82,462
Quantum Construction	6,912,928	6,910,928	2,000
Steed, Hammond & Paul	1,490,001	1,265,878	224,123
Thomas Popp & Co.	1,485,713	1,443,276	42,437
Wellers Plumbing	535,000	336,561	198,439
Total	<u>\$15,783,486</u>	<u>\$13,979,606</u>	<u>\$1,803,880</u>

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 18 - ACCOUNTABILITY

Fund balances/retained earnings at June 30, 2001, included the following individual fund deficits:

Capital Projects Fund	
Vocational Educational Equipment	\$2,031
Enterprise Fund	
Food Service	223,595

The deficits were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The School District is monitoring the sales in the food services fund to see if an increase in charges is necessary.

NOTE 19 - INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
<u>General Fund</u>	\$187,352	\$0
<u>Special Revenue Fund:</u>		
District Managed Activities	0	300
<u>Capital Projects Fund:</u>		
Vocational Education Equipment	0	2,949
<u>Enterprise Fund:</u>		
Food Service	0	184,103
Total All Funds	\$187,352	\$187,352

NOTE 20 - CONTINGENCIES

A. Grants:

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 20 - CONTINGENCIES (Continued)

B. Litigation:

The School District is not party to legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented *GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions"*, and *GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues"*. These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. The implementation of these pronouncements caused the following change to the prior year's ending fund balances.

	Special Revenue Funds
Fund Balances, June 30, 2000	(\$30,720)
Implementation of GASB 33 and 36	34,529
Restated Fund Balances, June 30, 2000	\$3,809
	Special Revenue
Excess of Revenue and Other Financing Sources Over (Under) Expenditures, June 30, 2000	(\$88,247)
Intergovernmental Receivable	34,529
Restated Excess of Revenue and Other Financing Sources Over (Under) Expenditures, June 30, 2000	(\$53,718)

Lynchburg Clay Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 22 - SUBSEQUENT EVENTS

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 15, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

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**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$19,481	\$0	\$20,096
National School Lunch Program	LL-P1-01 LL-P4-01 LL-P1-00 LL-P4-00	10.555	74,295	0	74,295	0
Total Nutrition Cluster			<u>74,295</u>	<u>19,481</u>	<u>74,295</u>	<u>20,096</u>
Total U.S. Department of Agriculture			74,295	19,481	74,295	20,096
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (Title VI B) Handicapped	6B-SF-00 6B-SF-99 6B-SF-98	84.027	102,315	0	59,371	0
Special Education Grants to States (Title VI B) Preschool	PG-S1-00	84.173	3,362	0	6,686	0
Total Special Education Cluster			105,677	0	66,057	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-01 C1-S1-00	84.010	248,173	0	136,785	0
Innovative Educational Program Strategies	C2-S1-01 C2-S1-00	84.298	10,744	0	6,292	0
Eisenhower Prof Development State Grant	MS-S1-01 MS-S1-00	84.281	9,384	0	3,176	0
Education Systemic Improvement Grants	G2-S2-01 G2-S2-00 G2-S1-01	84.276	46,411	0	20,480	0
Class Size Reduction	SR-S1-01 CR-S1-00	84.340	50,932	0	31,464	0
Drug-Free Schools Grant	DR-S1-01 DR-S1-00 DR-S1-99	84.186	11,814	0	4,935	0
Total Department of Education			377,458	0	203,132	0
Totals			<u>\$557,430</u>	<u>\$19,481</u>	<u>\$343,484</u>	<u>\$20,096</u>

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

**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--NUTRITION CLUSTER

Non-monetary 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, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Lynchburg-Clay Local School District
Highland County
301 East Pearl Street
P.O. Box 515
Lynchburg, Ohio 45142

We have audited the financial statements of Lynchburg-Clay Local School District, Highland County, Ohio (the District), as of and for the fiscal year ended June 30, 2001, and have issued our report thereon dated January 15, 2002, wherein we noted the District adopted Governmental Accounting Standard No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2001-10436-001 and 2001-10436-002. We also noted other instances of noncompliance that we have reported to management of the District in a separate letter dated January 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-10436-001.

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

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 15, 2002.

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

Jim Petro
Auditor of State

January 15, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Lynchburg-Clay Local School District
Highland County
301 East Pearl Street
P.O. Box 515
Lynchburg, Ohio 45142

Compliance

We have audited the compliance of the Lynchburg-Clay Local School District, Highland County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Lynchburg-Clay Local 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lynchburg-Clay Local 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.

Lynchburg-Clay Local School District
Highland County
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
Page 2

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

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

Jim Petro
Auditor of State

January 15, 2002

**LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
--

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

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

FINDING NUMBER 2001-10436-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41(D), states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet such obligation has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Education may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Board of Education, is such expenditure is otherwise valid.

Contrary to the above, of the expenditures tested, 15% had invoice dates before the purchase order dates and 25% did not contain purchase orders, therefore, prior certification could not be determined. Every effort should be made by the District to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending funds.

FINDING NUMBER 2001-10436-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.36, allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. Amended certificates were made by the Treasurer and approved by the Board on October 19, 2000, December 20, 2000, February 14, 2001 and June 28, 2001, however, these amendments were not submitted to the County Auditor or approved by the County Budget Commission.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**LYNCHBURG CLAY LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2000-10436-001	<p>ORC, Section 5705.38 - Permanent appropriation measure not adopted until January 18, 2000.</p> <p>ORC, Section 5705.36 - A Certificate of Total Amount From All Sources Available for Expenditure and Balances was not filed until January 19, 2000.</p> <p>ORC, Section 5705.39 - No amended certificate had been certified, thus no appropriation measure could be adopted or approved before January 19, 2000.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>Corrected</p> <p>Corrected</p> <p>Corrected</p>



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

LYNCHBURG-CLAY LOCAL SCHOOL DISTRICT

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 7, 2002**