

Gallia County Local School District

Gallia County

Single Audit

July 1, 1999 Through June 30, 2000

Fiscal Year Audited Under GAGAS: 20000

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Members of the Board
Gallia County Local School District
230 Shawnee Lane
Gallipolis, Ohio 45631

We have reviewed the Independent Auditor's Report of the Gallia County Local School District, Gallia County, prepared by Michael A. Balestra, CPA, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 7, 2000

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY

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Independent Auditors' Report

Members of the Board
Gallia County Local School District
230 Shawnee Lane
Gallipolis, Ohio 45631

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose 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 Gallia County Local School District, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund type and non-expendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2000 on our consideration of the Gallia County Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Michael A. Balestra, CPA, Inc.

Michael A. Balestra, CPA, Inc.

September 29, 2000

General Purpose Financial Statements

The general purpose financial statements of the District include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of the proprietary fund type.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000

	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	\$617,151	\$859,769	\$483,672	\$683,221
Receivables:				
Property and Other Local Taxes	6,303,140	0	2,414,553	381,000
Intergovernmental	0	95,898	0	0
Accrued Interest	15,289	0	0	0
Interfund Receivable	1,600	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	21,733	0	0	0
Prepaid Items	9,925	907	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	317,498	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets	\$7,286,336	\$956,574	\$2,898,225	\$1,064,221
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$54,020	\$84,711	\$0	\$0
Contracts Payable	0	13,510	0	0
Accrued Wages and Benefits	1,275,746	161,726	0	0
Compensated Absences Payable	13,247	0	0	0
Interfund Payable	0	1,600	0	0
Intergovernmental Payable	250,289	28,755	0	0
Deferred Revenue	6,167,974	0	2,414,553	381,000
Capital Leases Payable	0	0	0	0
Due to Students	0	0	0	0
Undistributed Monies	0	0	0	0
Early Retirement Incentive Payable	48,826	5,043	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	7,810,102	295,345	2,414,553	381,000
<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	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	48,588	321,548	0	32,774
Reserved for Inventory	21,733	0	0	0
Reserved for Budget Stabilization	198,000	0	0	0
Reserved for Endowment	0	0	0	0
Reserved for Textbooks & Materials	119,498	0	0	0
Reserved for Property Taxes	135,166	0	0	0
Unreserved, Undesignated (Deficit)	(1,046,751)	339,681	483,672	650,447
Total Fund Equity (Deficit) and Other Credits	(523,766)	661,229	483,672	683,221
Total Liabilities, Fund Equity and Other Credits	\$7,286,336	\$956,574	\$2,898,225	\$1,064,221

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals Reporting Entity (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$172,659	\$210,861	\$0	\$0	\$3,027,333
0	0	0	0	9,098,693
0	0	0	0	95,898
648	0	0	0	15,937
0	0	0	0	1,600
24,430	0	0	0	24,430
0	0	0	0	21,733
0	0	0	0	10,832
0	0	0	0	317,498
61,429	0	24,570,582	0	24,632,011
0	0	0	483,672	483,672
0	0	0	4,023,788	4,023,788
\$259,166	\$210,861	\$24,570,582	\$4,507,460	\$41,753,425
\$0	\$0	\$0	\$0	\$138,731
0	0	0	0	13,510
55,097	0	0	0	1,492,569
38,808	0	0	1,020,144	1,072,199
0	0	0	0	1,600
22,112	0	0	115,023	416,179
10,590	0	0	0	8,974,117
0	0	0	32,057	32,057
0	109,024	0	0	109,024
0	282	0	0	282
0	0	0	5,236	59,105
0	0	0	485,000	485,000
0	0	0	2,850,000	2,850,000
126,607	109,306	0	4,507,460	15,644,373
0	0	24,570,582	0	24,570,582
489,489	0	0	0	489,489
(356,930)	0	0	0	(356,930)
0	0	0	0	402,910
0	0	0	0	21,733
0	0	0	0	198,000
0	101,555	0	0	101,555
0	0	0	0	119,498
0	0	0	0	135,166
0	0	0	0	427,049
132,559	101,555	24,570,582	0	26,109,052
\$259,166	\$210,861	\$24,570,582	\$4,507,460	\$41,753,425

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property and Other Local Taxes	\$8,118,412	\$0	\$762,731	\$824,795	\$9,705,938
Intergovernmental	5,929,818	2,449,252	51,397	135,024	8,565,491
Interest	282,172	0	0	0	282,172
Tuition and Fees	4,883	0	0	0	4,883
Extracurricular Activities	0	209,394	0	0	209,394
Contributions and Donations	0	3,500	0	0	3,500
Customer Services	84,795	0	0	0	84,795
Miscellaneous	67,542	369	0	0	67,911
Total Revenues	14,487,622	2,662,515	814,128	959,819	18,924,084
Expenditures:					
Current:					
Instruction					
Regular	6,153,078	720,321	0	90,892	6,964,291
Special	1,418,120	719,647	0	0	2,137,767
Vocational	473,087	0	0	0	473,087
Other	492,408	8,300	0	0	500,708
Support Services					
Pupils	431,881	45,069	0	0	476,950
Instructional Staff	512,756	476,823	0	0	989,579
Board of Education	47,369	0	0	0	47,369
Administration	1,017,430	98,852	0	0	1,116,282
Fiscal	369,020	43,468	28,958	15,955	457,401
Business	96,205	0	0	0	96,205
Operation and Maintenance of Plant	1,475,287	3,900	0	10,969	1,490,156
Pupil Transportation	1,488,602	2,051	0	239,525	1,730,178
Central	93,102	13,142	0	23,678	129,922
Non-Instructional Services	0	6,584	0	0	6,584
Extracurricular Activities	148,662	207,819	0	0	356,481
Intergovernmental	0	13,500	0	0	13,500
Capital Outlay	0	135,099	0	75,974	211,073
Debt Service					
Principal Retirement	0	0	660,000	32,714	692,714
Interest and Fiscal Charges	0	0	325,788	3,491	329,279
Total Expenditures	14,217,007	2,494,575	1,014,746	493,198	18,219,526
Excess of Revenues Over (Under) Expenditures	270,615	167,940	(200,618)	466,621	704,558
Other Financing Sources (Uses):					
Operating Transfers In	0	0	61,226	123,966	185,192
Proceeds from the Sale of Fixed Assets	0	0	0	2,993	2,993
Operating Transfers Out	(185,192)	0	0	0	(185,192)
Total Other Financing Sources (Uses)	(185,192)	0	61,226	126,959	2,993
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	85,423	167,940	(139,392)	593,580	707,551
Fund Balances (Deficit) at Beginning of Year	(619,377)	493,289	623,064	89,641	586,617
Increase (Decrease) in Reserve for Inventory	10,188	0	0	0	10,188
Fund Balances (Deficit) at End of Year	(\$523,766)	\$661,229	\$483,672	\$683,221	\$1,304,356

See accompanying notes to the general purpose financial statements

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GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	GENERAL FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property and Other Local Taxes	\$6,636,215	\$6,635,938	(\$277)
Intergovernmental	5,936,403	5,951,027	14,624
Interest	248,290	266,883	18,593
Tuition and Fees	5,175	4,883	(292)
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Services	84,795	84,795	0
Miscellaneous	54,094	61,538	7,444
Total Revenues	12,964,972	13,005,064	40,092
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	6,321,005	6,117,872	203,133
Special	1,439,037	1,425,216	13,821
Vocational	478,632	470,014	8,618
Other	485,826	481,668	4,158
Support Services:			
Pupils	443,434	417,532	25,902
Instructional Staff	528,075	492,176	35,899
Board of Education	53,713	47,721	5,992
Administration	1,030,885	1,008,393	22,492
Fiscal	391,328	366,186	25,142
Business	96,731	96,460	271
Operation and Maintenance of Plant	1,571,443	1,500,202	71,241
Pupil Transportation	1,508,724	1,460,719	48,005
Central	106,266	97,172	9,094
Intergovernmental	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	157,810	141,863	15,947
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest	10,574	0	10,574
Total Expenditures	14,623,483	14,123,194	500,289
Excess of Revenues Over (Under) Expenditures	(1,658,511)	(1,118,130)	540,381
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	4	4	0
Proceeds from the Sale of Short-Term Notes	1,483,000	1,483,000	0
Other Financing Sources	6,000	6,000	0
Other Financing Uses	(298,075)	0	298,075
Advances In	0	0	0
Advances Out	(1,600)	(1,600)	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Operating Transfers Out	(124,566)	(124,566)	0
Refund of Prior Year Receipts	(14,400)	(14,400)	0
Total Other Financing Sources (Uses)	1,050,363	1,348,438	298,075
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(608,148)	230,308	838,456
Fund Balances at Beginning of Year	560,503	560,503	0
Prior Year Encumbrances Appropriated	71,354	71,354	0
Fund Balances at End of Year	\$23,709	\$862,165	\$838,456

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,720,561	\$2,720,219	(\$342)
2,695,902	2,406,724	(289,178)	49,966	51,397	1,431
0	0	0	0	0	0
0	0	0	0	0	0
248,911	209,394	(39,517)	0	0	0
3,500	3,500	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>2,948,313</u>	<u>2,619,618</u>	<u>(328,695)</u>	<u>2,770,527</u>	<u>2,771,616</u>	<u>1,089</u>
873,917	705,256	168,661	0	0	0
1,101,239	779,317	321,922	0	0	0
0	0	0	0	0	0
22,300	8,300	14,000	0	0	0
109,435	52,928	56,507	0	0	0
611,618	469,307	142,311	0	0	0
0	0	0	0	0	0
110,663	96,967	13,696	0	0	0
43,468	43,468	0	29,281	28,958	323
0	0	0	0	0	0
4,875	3,900	975	0	0	0
3,545	3,545	0	0	0	0
27,667	13,942	13,725	0	0	0
13,500	13,500	0	0	0	0
7,929	6,584	1,345	0	0	0
279,220	222,087	57,133	0	0	0
304,500	299,990	4,510	0	0	0
0	0	0	2,556,262	2,556,262	0
0	0	0	325,788	325,788	0
<u>3,513,876</u>	<u>2,719,091</u>	<u>794,785</u>	<u>2,911,331</u>	<u>2,911,008</u>	<u>323</u>
<u>(565,563)</u>	<u>(99,473)</u>	<u>466,090</u>	<u>(140,804)</u>	<u>(139,392)</u>	<u>1,412</u>
54,069	54,069	0	0	0	0
0	0	0	0	0	0
51,912	51,912	0	0	0	0
(43,382)	0	43,382	(482,258)	0	482,258
1,600	1,600	0	0	0	0
(1,600)	0	1,600	0	0	0
0	0	0	0	0	0
0	191	191	0	0	0
(65,345)	(53,473)	11,872	0	0	0
0	0	0	0	0	0
<u>(2,746)</u>	<u>54,299</u>	<u>57,045</u>	<u>(482,258)</u>	<u>0</u>	<u>482,258</u>
(568,309)	(45,174)	523,135	(623,062)	(139,392)	483,670
482,110	482,110	0	623,062	623,062	0
96,400	96,400	0	0	0	0
<u>\$10,201</u>	<u>\$533,336</u>	<u>\$523,135</u>	<u>\$0</u>	<u>\$483,670</u>	<u>\$483,670</u>

(Continued)

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000

	Capital Projects Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property and Other Local Taxes	\$411,925	\$411,533	(\$392)	\$9,768,701	\$9,767,690	(\$1,011)
Intergovernmental	134,812	135,024	212	8,817,083	8,544,172	(272,911)
Interest	0	0	0	248,290	266,883	18,593
Tuition and Fees	0	0	0	5,175	4,883	(292)
Extracurricular Activities	0	0	0	248,911	209,394	(39,517)
Gifts and Donations	0	0	0	3,500	3,500	0
Customer Services	0	0	0	84,795	84,795	0
Miscellaneous	0	0	0	54,094	61,538	7,444
Total Revenues	546,737	546,557	(180)	19,230,549	18,942,855	(287,694)
<u>Expenditures:</u>						
Current:						
Instruction						
Regular	110,480	90,892	19,588	7,305,402	6,914,020	391,382
Special	0	0	0	2,540,276	2,204,533	335,743
Vocational	64	0	64	478,696	470,014	8,682
Other	0	0	0	508,126	489,968	18,158
Support Services						
Pupils	0	0	0	552,869	470,460	82,409
Instructional Staff	0	0	0	1,139,693	961,483	178,210
Board of Education	0	0	0	53,713	47,721	5,992
Administration	0	0	0	1,141,548	1,105,360	36,188
Fiscal	32,655	15,955	16,700	496,732	454,567	42,165
Business	0	0	0	96,731	96,460	271
Operation and Maintenance of Plant	19,785	10,969	8,816	1,596,103	1,515,071	81,032
Pupil Transportation	352,957	239,525	113,432	1,865,226	1,703,789	161,437
Central	97,392	41,985	55,407	231,325	153,099	78,226
Intergovernmental	0	0	0	13,500	13,500	0
Non-Instructional Services	0	0	0	7,929	6,584	1,345
Extracurricular Activities	0	0	0	437,030	363,950	73,080
Capital Outlay	557,908	126,645	431,263	862,408	426,635	435,773
Debt Service:						
Principal Retirement	0	0	0	2,556,262	2,556,262	0
Interest	0	0	0	336,362	325,788	10,574
Total Expenditures	1,171,241	525,971	645,270	22,219,931	20,279,264	1,940,667
Excess of Revenues Over (Under) Expenditures	(624,504)	20,586	645,090	(2,989,382)	(1,336,409)	1,652,973
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	123,967	123,966	(1)	178,040	178,039	(1)
Proceeds from the Sale of Short-Term Notes	413,262	413,262	0	1,896,262	1,896,262	0
Other Financing Sources	0	0	0	57,912	57,912	0
Other Financing Uses	(5,368)	0	5,368	(829,083)	0	829,083
Advances In	0	0	0	1,600	1,600	0
Advances Out	0	0	0	(3,200)	(1,600)	1,600
Proceeds from Sale of Fixed Assets	3,000	2,993	(7)	3,000	2,993	(7)
Refund of Prior Year Expenditures	0	0	0	0	191	191
Operating Transfers Out	0	0	0	(189,911)	(178,039)	11,872
Refund of Prior Year Receipts	0	0	0	(14,400)	(14,400)	0
Total Other Financing Sources (Uses)	534,861	540,221	5,360	1,100,220	1,942,958	842,738
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(89,643)	560,807	650,450	(1,889,162)	606,549	2,495,711
Fund Balances at Beginning of Year	34,220	34,220	0	1,699,895	1,699,895	0
Prior Year Encumbrances Appropriated	55,422	55,422	0	223,176	223,176	0
Fund Balances at End of Year	(\$1)	\$650,449	\$650,450	\$33,909	2,529,620	\$2,495,711

See accompanying notes to the general purpose financial statements

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Statement of Revenues
Expenses, and Changes in Fund Equity
Proprietary Fund Type and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$223,964	\$0	\$223,964
Interest	0	4,634	4,634
Contributions and Donations	0	3,085	3,085
Other Revenue	101	930	1,031
Total Operating Revenues	224,065	8,649	232,714
<u>Operating Expenses:</u>			
Salaries	295,243	0	295,243
Fringe Benefits	131,783	0	131,783
Purchased Services	13,405	0	13,405
Materials and Supplies	40,196	3,939	44,135
Cost of Sales	476,303	0	476,303
Other	0	1,630	1,630
Depreciation	13,093	0	13,093
Capital Outlay	0	3,496	3,496
Total Operating Expenses	970,023	9,065	979,088
Operating Income (Loss)	(745,958)	(416)	(746,374)
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	168,155	0	168,155
Interest	7,905	0	7,905
Federal and State Subsidies	501,152	0	501,152
Total Non-Operating Revenues	677,212	0	677,212
Net Income (Loss)	(68,746)	(416)	(69,162)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	(288,184)	101,971	(186,213)
Retained Earnings/Fund Balance at End of Year	(356,930)	101,555	(255,375)
Contributed Capital at End of Year	489,489	0	489,489
Total Fund Equity at End of Year	\$132,559	\$101,555	\$234,114

See accompanying notes to the general purpose financial statements

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Statement of Revenues, Expenses, and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$239,194	\$223,964	(\$15,230)
Interest	0	0	0
Other Revenues	801	101	(700)
Contributions and Donations	0	0	0
Total Revenues	239,995	224,065	(15,930)
<u>Expenses</u>			
Salaries	306,247	296,400	9,847
Fringe Benefits	140,788	132,581	8,207
Purchased Services	17,367	13,484	3,883
Materials and Supplies	349,055	349,013	42
Capital Outlay	3,970	1,136	2,834
Other Expenses	0	0	0
Total Expenditures	817,427	792,614	24,813
Net Income (Loss)	(577,432)	(568,549)	8,883
<u>Non-Operating Revenues and Expenses</u>			
Federal and State Subsidies	486,086	505,394	19,308
Interest	2,941	7,258	4,317
Total Non-Operating Revenues (Expenses)	489,027	512,652	23,625
Excess of Revenues Over (Under) Expenses	(88,405)	(55,897)	32,508
Operating Transfers-Out	(137,152)	0	137,152
Excess of Rev Over (Under) Exp, Adv & Transfers	(225,557)	(55,897)	169,660
Fund Equity at Beginning of Year	224,004	224,004	0
Prior Year Encumbrances Appropriated	1,553	1,553	0
Fund Equity at End of Year	\$0	\$169,660	\$169,660

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$239,194	\$223,964	(\$15,230)
4,525	4,634	109	4,525	4,634	109
930	930	0	1,731	1,031	(700)
3,085	3,085	0	3,085	3,085	0
8,540	8,649	109	248,535	232,714	(15,821)
0	0	0	306,247	296,400	9,847
0	0	0	140,788	132,581	8,207
0	0	0	17,367	13,484	3,883
5,254	3,939	1,315	354,309	352,952	1,357
4,000	3,496	504	7,970	4,632	3,338
6,779	3,130	3,649	6,779	3,130	3,649
16,033	10,565	5,468	833,460	803,179	30,281
(7,493)	(1,916)	5,577	(584,925)	(570,465)	14,460
0	0	0	486,086	505,394	19,308
0	0	0	2,941	7,258	4,317
0	0	0	489,027	512,652	23,625
(7,493)	(1,916)	5,577	(95,898)	(57,813)	38,085
(94,228)	0	94,228	(231,380)	0	231,380
(101,721)	(1,916)	99,805	(327,278)	(57,813)	269,465
100,842	100,842	0	324,846	324,846	0
1,130	1,130	0	2,683	2,683	0
\$251	\$100,056	\$99,805	\$251	\$269,716	\$269,465

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY, OHIO

Combined Statement of Cash Flows
Proprietary Fund Type and Non-Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$223,964	\$0	\$223,964
Cash Received from Contributions & Donations	0	3,085	3,085
Cash Received from Interest	0	4,634	4,634
Cash Payments to Suppliers for Goods and Services	(360,634)	(9,065)	(369,699)
Cash Payments to Employees for Services	(296,400)	0	(296,400)
Cash Payments for Employee Benefits	(132,581)	0	(132,581)
Cash Received from Other Operating Sources	101	930	1,031
Net Cash Provided by (Used for) Operating Activities	<u>(565,550)</u>	<u>(416)</u>	<u>(565,966)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Interest	7,258	0	7,258
Net Cash Provided by Noncapital Financing Activities	<u>7,258</u>	<u>0</u>	<u>7,258</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Receipts from Capital Grants	505,394	0	505,394
Net Cash Used for Capital and Related Financing Activities	<u>505,394</u>	<u>0</u>	<u>505,394</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(52,898)	(416)	(53,314)
Cash and Cash Equivalents at Beginning of Year	225,557	101,971	327,528
Cash and Cash Equivalents at End of Year	<u>\$172,659</u>	<u>\$101,555</u>	<u>\$274,214</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	<u>(\$745,958)</u>	<u>(\$416)</u>	<u>(\$746,374)</u>
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	13,093	0	13,093
Donated Commodities Used During Year	168,155	0	168,155
<u>Changes in Assets and Liabilities:</u>			
Decrease in Inventory Held for Resale	1,860	0	1,860
Decrease in Accounts Payable	(745)	0	(745)
Increase in Accrued Wages	3,348	0	3,348
Decrease in Compensated Absences Payable	(4,505)	0	(4,505)
Increase in Intergovernmental Payable	(798)	0	(798)
Total Adjustments	<u>180,408</u>	<u>0</u>	<u>180,408</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$565,550)</u>	<u>(\$416)</u>	<u>(\$565,966)</u>
Cash and Cash Equivalents - All Fiduciary Funds		\$210,861	
Cash and Cash Equivalents - Agency Funds		<u>109,306</u>	
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u>\$101,555</u>	

See accompanying notes to the general purpose financial statements

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 1 - DESCRIPTION OF THE EDUCATIONAL SERVICE CENTER AND REPORTING ENTITY

Description of the School District

Gallia County Local School District (the "School District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The School District provides educational services as authorized by State statute and/or federal guidelines. 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 Board controls the School District's eight (8) instructional support facilities staffed by 111 non-certificated, 201 teaching personnel, and 11 administrative employees providing education to approximately 2,459 students.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Gallia County 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 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 following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- C Parent Teacher Organization
- C Booster Club

The School District is associated with four organizations, three of which are defined as jointly governed organizations, and one is a group purchasing pool. These organizations are the Southeastern Ohio Voluntary Education Cooperative, the Gallia-Jackson-Vinton Joint Vocational School District, the Gallia-Vinton Educational Service Center and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 that are 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 Local School District are financed. The acquisition, use and balances of the Board'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.

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

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

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

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation - Fund Accounting (continued)

PROPRIETARY FUND TYPE

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 is the School District's proprietary fund type:

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

FIDUCIARY FUNDS

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. These include a non-expendable trust fund and agency funds. Non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

To distinguish fixed assets related to specific funds from 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 or trust funds.

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (continued)

The proprietary fund type and the non-expendable trust fund 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 proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and non-expendable trust fund. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process

The budgetary process for the School District is as follows:

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board 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 Gallia County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the Board 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. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2000.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (continued)

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the 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 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 the proprietary fund type and non-expendable trust fund.

Lapsing of Appropriations:

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

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or temporarily used to purchase short term investments. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2000, investments were limited to a NOW interest bearing account and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense 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 related assets are reported in the general fixed assets account group. Infrastructure in the general fixed assets consisting of sewer plant and sewer lines are capitalized, as these assets are of value to the School District. 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 \$150.

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 useful lives of the related fixed assets.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation (continued)

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of twenty years. All depreciation is closed to retained earnings.

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Special Revenue Funds

Educational Technology Services of Southeastern Ohio Grant
School Bus Purchase Reimbursement

Non-Reimbursable Grants:

Special Revenue Funds

Title VI-B
Professional Development - Eisenhower
Disadvantaged Pupil Impact Aid
Disadvantaged Pupil Program Fund
Chapter I
Chapter II
Drug Free Schools
Educational Management Information System
Early Childhood Pre-school Handicapped Grant
Parent Mentor Project Grant
Teaching Ohio Parents Grant
Math Professional Development Grant
Conflict Management Initiative Grant
Dwight Eisenhower Math and Science Grant
Early Intervention Grant

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (continued)

Non-Reimbursable Grants (continued)

Capital Projects Funds

School Net
School Net Plus
Technology Equity

Reimbursable Grants:

General Fund

Community Alternative Funding System

Proprietary Fund

National School Breakfast Program
National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to 45 percent of the School District's revenue during the 2000 fiscal year for its governmental funds.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (continued)

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

K. Accrued Liabilities and Long-term Obligations

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

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

Under Ohio Law, a debt service fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require that short-term debt liabilities be presented and paid for in the fund receiving the debt proceeds. Long-term liabilities are presented in the general long-term obligation account group, with principal and interest payments on matured general obligation bonds payable being reported in the debt service fund.

L. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, textbooks and materials, inventories of supplies and materials, contributions to the nonexpendable trust fund that must be kept intact and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Contributed Capital

All contributed capital represents resources from other funds provided to the enterprise fund that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There were no changes in contributed capital during the 2000 fiscal year.

O. Restricted Assets

Restricted Assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization and textbooks and materials reserves. These reserves are required by State Statute.

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

A deficit fund balance in the School District General Fund of \$533,953 was created by the application of generally accepted accounting principles. A deficit fund balance in the Restructuring Team Grant Fund of \$25,679 was also created by the application of generally accepted accounting principles. The General Fund is liable for the Restructuring Team Grant Fund and will provide operating transfers when cash is required, not when accruals occur.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 4 - 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 Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis), Proprietary Fund Type and Non-Expendable Trust Fund 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 disclosure in the proprietary fund type and non-expendable trust fund (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. Principal and interest payments on notes and the corresponding revenues are reported in a debt service fund (budget basis) rather than in the fund that received the proceeds (GAAP basis).

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	\$85,423	\$167,940	\$(139,392)	\$593,580
Net Adjustments for Revenue Accruals	6,446	64,875	1,483,000	0
Net Adjustments for Expenditure Accruals	210,922	112,942	(1,483,000)	1
Adjustment for Encumbrances	(72,483)	(390,931)	0	(32,774)
Budget Basis	\$230,308	\$(45,174)	\$(139,392)	\$560,807

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	Enterprise	Non-Expendable Trust
Net Income (Loss)/Excess of Revenues and Operating Transfers Over (Under) Expenses All Proprietary Fund Types		
GAAP Basis	\$(68,746)	\$(416)
Net Adjustment for Revenue Accruals	(164,560)	0
Net Adjustments for Expense Accruals	180,409	0
Adjustment for Encumbrances	(3,000)	(1,500)
Budget Basis	\$(55,897)	\$(1,916)

NOTE 5 - 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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 or interest by the United States;

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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 and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the School District's deposits was \$3,344,831, and the bank balance was \$3,495,238. Of the bank balance:

- (1) \$191,000 was covered by federal depository insurance.
- (2) \$3,304,238 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The classification of cash and cash equivalent on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the local school district. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2000 taxes were collected for Gallia County are:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$122,292,940	30.72%	\$140,049,210	33.01%
Public Utility	265,509,360	66.68%	266,838,200	62.90%
Tangible Personal Property	10,355,622	2.60%	17,341,025	4.09%
Total Assessed Value	\$398,157,922	100.00%	\$424,228,435	100.00%
Tax rate per \$1,000 of	\$25.85		\$25.35	

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

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

The School District receives property taxes from Gallia and Jackson Counties. The Gallia County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2000, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 6 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$135,166 and is recognized as revenue.

NOTE 7 - RECEIVABLES

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

A summary of the items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Special Revenue Funds:	
Eisenhower Grant	\$ 2,221
Title I	<u>93,677</u>
 Total Intergovernmental Receivables	 <u><u>\$95,898</u></u>

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$496,873
Less Accumulated Depreciation	<u>(435,444)</u>
Net Fixed Assets	<u><u>\$61,429</u></u>

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

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$1,443,527	\$4,045	\$0	\$1,447,572
Buildings and Improvements	14,301,318	560,266	0	14,861,584
Machinery, Fixtures and Equipment	4,086,908	208,705	111,867	4,183,746
Books	1,021,502	19,249	0	1,040,751
Infrastructure	197,171	0	0	197,171
Vehicles	<u>2,618,663</u>	<u>239,525</u>	<u>18,430</u>	<u>2,839,758</u>
Total General Fixed Assets	<u><u>\$23,669,089</u></u>	<u><u>\$1,031,790</u></u>	<u><u>\$130,297</u></u>	<u><u>\$24,570,582</u></u>

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 9 - 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 2000, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$1,000 deductible.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit with a \$5,000,000 aggregate and no deductible. Vehicles are covered by Nationwide Insurance Company and hold a \$500 deductible for comprehensive and collision. Automobile liability has a \$3,000,000 combined total limit of liability. Property damage is on a replacement cost basis for a blanket amount of \$39,801,316 on buildings, contents, and vehicles. Settled claims have not exceeded this commercial coverage in any of the past fifteen years. There has been no significant reduction in coverage from the prior year.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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 if the participating school districts and educational service centers is calculated as one experience and a common premium rate is applied to all school districts and educational service centers 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 and educational service centers that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. Provides administrative, cost control, and actuarial services to the GRP.

NOTE 10 -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 pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan member and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$303,942, \$293,068, and \$239,940, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$26,500 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 10 -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 public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,078,356, \$1,381,665, and \$948,492, respectively; 80 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$95,272 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 11 - 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-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both Systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$616,203 during fiscal year 2000.

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

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivorship 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.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge rate 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 annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target lever was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$136,774 during the 2000 fiscal year.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated employees receive payment for one-fourth of accumulated sick days with maximum payments as follows: 37 days maximum for one to nine years of service; 42 days maximum for 10 to 19 years of service; and 47 days maximum for 20 or more years of service. Classified employees, upon retirement, receive payment for one-fourth of accumulated sick days with maximum payments as follows: 34 days maximum for one to nine years of service; 39 days maximum for 10 to 19 years of service; and 44 days maximum for 20 or more years of service.

B. Insurance

The School District provides health and major medical insurance for all eligible employees. The School District pays monthly premiums of up to \$633.65 for family coverage and up to \$234.69 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Group in the amount of \$25,000 for classified employees, \$20,000 for certified employees, and twice the salary amount for each administrator.

Prescription drug insurance and dental coverage is provided through Medical Mutual of Ohio. Premiums for the dental coverage are \$45.24 monthly for family and \$16.76 for single coverage.

NOTE 13 - SHORT TERM OBLIGATIONS

As of June 30, 2000, the School District had no outstanding short term obligations. During fiscal year 2000, the School District issued and retired cash flow borrowing notes of \$1,896,262 issued under Ohio Revised Code 133.10(C). The proceeds and the payoff were reported in the School District's Bond Retirement Debt Service Fund on the budgetary statements. The note activity was reallocated into the School District General Fund for the GAAP statements.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
General Obligation Bonds 7.375%	\$3,420,000	\$0	\$570,000	\$2,850,000
Energy Conservation Notes				
6.25%	195,000	0	45,000	150,000
5.00%	180,000	0	20,000	160,000
5.80%	200,000	0	25,000	175,000
Total Long-Term Bonds and Notes	3,995,000	0	660,000	3,335,000
Pension Obligation	102,003	115,023	102,003	115,023
Early Retirement Incentive	33,851	5,236	33,851	5,236
Capital Leases	64,771	0	32,714	32,057
Compensated Absences	1,063,138	0	42,994	1,020,144
Total General Long-Term Obligations	\$5,258,763	\$120,259	\$871,562	\$4,507,460

General obligation bonds are paid from property tax receipts of the debt service fund. Energy Conservation Notes will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Compensated absences reported in the "compensated absences payable" account, and the pension obligation, which represents required pension contributions, paid outside the available period, will be paid from the fund which the employee's salaries are paid.

The School District's voted legal debt margin was \$38,180,559 with an unvoted debt margin of \$424,228 at June 30, 2000. Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30	Principal	Interest	Total
2001	665,000	215,287	880,287
2002	670,000	167,581	837,581
2003	625,000	119,562	744,562
2004	625,000	72,816	697,816
2005-2006	750,000	31,318	781,318
Total	\$3,335,000	\$606,564	\$3,941,564

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service, and Spirit Unlimited. The Spirit Unlimited Fund is used to account for the sale of school logos such as t-shirts, pens, buttons, and various other school spirit items. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Spirit Unlimited</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$224,058	\$7	\$224,065
Operating Expenses less Depreciation	955,153	1,777	956,930
Depreciation Expense	13,000	93	13,093
Operating Income (Loss)	(744,096)	(1,862)	(745,958)
Donated Commodities	168,155	0	168,155
Operating Grants	501,152	0	501,152
Net Income (Loss)	(66,884)	(1,862)	(68,746)
Net Working Capital	59,883	11,248	71,131
Total Assets	246,846	12,320	259,166
Total Equity	120,239	12,320	132,559
Encumbrances Outstanding at June 30, 2000	3,000	0	3,000

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. SOUTHEAST OHIO VOLUNTARY EDUCATIONAL CONSORTIUM

The Southeast Ohio Voluntary Educational Consortium (SEOVEC) is a jointly governed organization created as a regional council of governments pursuant to State statutes. SEOVEC provides financial accounting services, educational management information, and cooperative purchasing services to its members. Each member pays a fee annually for services provided by SEOVEC.

SEOVEC is governed by a governing board which is selected by the members. Each member has one vote in all matters, and each member's control over budgeting and financing of SEOVEC is limited to its voting authority and any representation it may have on the governing board. SEOVEC operates with its own Treasurer. The continued existence of SEOVEC is not dependent on the School District's continued participation and no equity interest exists. SEOVEC has no outstanding debt. During fiscal year 2000, the Gallia County Local School District paid \$28,045 to SEOVEC.

B. GALLIA, JACKSON, VINTON JOINT VOCATIONAL SCHOOL DISTRICT

Gallia, Jackson, Vinton Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board comprised of eleven members appointed by the participating schools, which possesses its own budgeting and taxing authority. To obtain financial information write to the Gallia, Jackson, Vinton Joint Vocational School, Donalyn Smith, who serves as Treasurer, at 351 Buckeye Hills Road, Rio Grande, Ohio 45674.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. GALLIA-VINTON EDUCATIONAL SERVICE CENTER

Gallia-Vinton Educational Service Center is a jointly governed organization providing educational services to its two participating school districts. The educational Service Center is governed by a board of education comprised of eight members appointed by the participating schools. The board controls the financial activity of the Educational Service Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Educational Service Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2000, the School District made no contributions to the Educational Service Center. To obtain financial information write to the Gallia-Vinton Educational Service Center, Debbie Ratliff, who serves as Treasurer, at P.O. Box 178 Rio Grande, Ohio 45674.

NOTE 17 - INSURANCE PURCHASING POOL

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

NOTE 18 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,545,160 of school foundation support for its General Fund.

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

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

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

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 19 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 20 - DEFERRED COMPENSATION

School District employees may participate in the Ohio Public Employees Deferred Compensation program, created in accordance with internal Revenue Service Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death or in the case of an unforeseeable emergency.

Under the Ohio Public Employees Deferred Compensation Program, all plan assets are held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small business Job Protection Act of 1996.

NOTE 21 - STATUTORY RESERVES

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

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 07/01/1999	\$0	\$0	\$198,000	\$198,000
Required Set-Aside	261,073	261,073	0	522,146
Offset Credits	0	123,966	0	123,966
Qualifying Expenditures	141,575	799,201	0	940,776
Balance 06/30/2000	\$119,498	\$(662,094)	\$198,000	\$(344,596)

Offsets and expenditures for capital activity during the year exceeded the required set-aside and reserve balance. These amounts may be used to reduce set-aside requirements of future years. Negative amounts are presented as being carried forward to the next fiscal year.

GALLIA COUNTY LOCAL SCHOOL DISTRICT
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 22 - CAPITALIZED LEASES - LEASE DISCLOSURE

The District had entered into a capitalized lease for the acquisition of modular units. The terms of each agreement provide options to purchase the modular units. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$126,026 which is equal to the present value of future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long term obligations account group.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Long - Term</u> <u>Obligations</u>
2001	<u>\$33,187</u>
Total Minimum Lease Payments	33,187
Less: Amount Representing Interest	<u>(1,130)</u>
Present Value of Minimum Lease Payments	<u>\$32,057</u>

Gallia Local School District
Gallia County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2000

<u>Agency/Program Grant Title</u>	Pass Through Entity #	Pass Thru Entity #	CFDA #	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>							
<i>Pass through the Ohio Department of Education</i>							
Child Nutrition Cluster							
Food Distribution Program		N/A	10.550	\$0	\$47,940	\$0	\$52,743
School Breakfast Program		05-PU	10.553	132,962	0	132,962	0
School Lunch Program		04-PU	10.555	332,034	0	332,034	0
<i>Total U.S. Department of Agriculture - Child Nutrition Cluster</i>				464,996	47,940	464,996	52,743
<u>U.S. Department of Labor</u>							
<i>Pass through the Ohio Department of Education</i>							
School to Work		WK-BE	17.249	13,500	0	15,994	0
<i>Passed through Ohio School to Work</i>							
School to Work		N	17.249	2,400	0	7,500	0
<i>Total U.S. Department of Labor</i>				15,900	0	23,494	0
<u>United States Department of Health & Human Services</u>							
<i>Pass through State Board of MRDD</i>							
Community Alternative Funding System		NA	93.778	46,577		46,577	
<u>U.S. Department of Education</u>							
<i>Pass through the Ohio Department of Education</i>							
Special Education Cluster							
Title VI-B		6B-SF	84.027	194,359	0	176,472	0
Preschool/Handicapped		PG-S1	84.173	17,557	0	16,502	0
<i>Total Special Education Cluster</i>				211,916	0	192,974	0
Title I		C1-S1	84.010	836,598	0	840,803	0
Drug Free Schools		DR-S1	84.186	29,955	0	36,246	0
Goals 2000		G2-S1	84.276	43,688	0	45,760	0
Eisenhower Professional Development		MS-S1	84.281	42,599	0	1,686	0
Chapter II		C2-S1	84.298	22,583	0	24,832	0
Raising the Bar		TF-S2	84.318	62,500	0	99,107	0
Class Size Reduction		CR-S1	84.340	117,216		75,704	
<i>Pass Through the Ohio Department of Alcohol and Drug Addiciton Services</i>							
Guiding Children to Live Successfully		01-DFS	84.186A	97,086	0	96,432	0
Early Intervention Collaboration		N	84.181	68,411	0	80,913	0
<i>Total U.S. Department of Education</i>				1,532,552	0	1,494,457	0
<i>Total Federal Awards and Expenditures</i>				\$2,060,025	\$47,940	\$2,029,524	\$52,743

N - Pass through entity number could not be located by the School District
N/A - Not applicable
See Notes to the Schedule of Federal Awards Expenditures

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY
For the Fiscal Year Ended June 30, 2000

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - - FOOD DISTRIBUTIONS

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

MICHAEL A. BALESTRA, CPA, INC.

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Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*

Members of the Board
Gallia County Local School District
230 Shawnee Lane
Gallipolis, Ohio 45631

We have audited the financial statements of the Gallia County Local School District, Gallia County, as of and for the year ended June 30, 2000, and have issued our report thereon dated September 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Gallia County Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing and opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated September 29, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gallia County Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated September 29, 2000.

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

Michael A. Balestra, CPA, Inc.

Michael A. Balestra, CPA, Inc.
September 29, 2000

MICHAEL A. BALESTRA, CPA, INC.

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Ohio Society of Certified Public Accountants

Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB circular A-133

Members of the Board
Gallia County Local School District
230 Shawnee Lane
Gallipolis, Ohio 45631

Compliance

We have audited the compliance of the Gallia County Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. Gallia County Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Gallia County Local School District's management. Our responsibility is to express an opinion on Gallia County Local School District's compliance based on our audit.

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

In our opinion, Gallia County Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

Members of the Board

Gallia County Local School District

Report on compliance with requirements applicable to each major 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 of the audit committee, management, and members of the Board, 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.

Michael A. Balestra, CPA, Inc.

Michael A. Balestra, CPA, Inc.

September 29, 2000

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY
JUNE 30, 2000

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)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(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 section .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: Food Distribution, CFDA #10.550 School Breakfast Program, CFDA #10.553 National School Lunch Program, CFDA #10.555 and Special Education Cluster: Title VI-B, CFDA #84.027, Preschool/Handicapped, CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

GALLIA COUNTY LOCAL SCHOOL DISTRICT
GALLIA COUNTY
JUNE 30, 2000

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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GALLIA COUNTY LOCAL SCHOOL DISTRICT

GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2000**